



COSA RESOURCES CORP.

Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)



Independent Auditor's Report

To the Shareholders of Cosa Resources Corp.

Opinion

We have audited the financial statements of Cosa Resources Corp. (the “Company”), which comprise the statements of financial position as at December 31, 2025 and December 31, 2024, and the statements of loss and comprehensive loss, statements of cash flows and the statements of changes in shareholders' equity for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit 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 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 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.

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 for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Impairment Indicators of Exploration and Evaluation Assets

Description

Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. Impairment indicators were identified for the Polaris and Solstice properties. An impairment charge of \$ 2,224 was recorded against the balance of exploration and evaluation related to the Polaris and Solstice properties. Management also determined that impairment indicators were not present with respect to the Company's remaining properties.

This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at December 31, 2025, was \$ 7,442,470, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 3 and Note 7 to the consolidated financial statements.

How the Key Audit Matter Was Addressed in the Audit

Our approach to addressing the matter included the following procedures, among others:

Evaluated management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained all option agreements, confirmed the details of the option agreements with counterparties and confirmed exploration claim listings included in option agreements with the related mining authorities.
- Obtained all mineral claim and permit listings held by the Company and confirmed the mineral claims held with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company which indicates that the Company has not yet achieved profitable operations and is dependant upon obtaining financing to fund operations. 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



D&H Group LLP
Chartered Professional Accountants
300 – 855 Homer Street
Vancouver, BC V6B 2W2

dhgroup.ca
t. 604.731.5881
f. 604.731.9923

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Vancouver, B.C.
April 22, 2026

"D&H Group LLP"
Chartered Professional Accountants

COSA RESOURCES CORP.
Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		9,700,247	1,682,243
Accounts receivable		39,183	-
Goods and services tax recoverable		249,700	344,677
Prepaid expenses and deposits	6	187,064	395,383
		10,176,194	2,422,303
Equipment		8,147	11,429
Exploration and evaluation assets	7	7,442,470	2,024,066
Investment	7(b)	31,500	-
Total assets		17,658,311	4,457,798
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	309,453	325,033
Flow-through premium liability	8	2,432,033	617,147
		2,741,486	942,180
Obligation to issue shares	5	1,893,637	-
Total liabilities		4,635,123	942,180
SHAREHOLDERS' EQUITY			
Share capital	9(b)	24,668,237	11,855,128
Reserves		2,898,289	1,814,485
Deficit		(14,543,338)	(10,153,995)
Total shareholders' equity		13,023,188	3,515,618
Total liabilities and shareholders' equity		17,658,311	4,457,798

Nature of business and going concern (Note 1)
Subsequent events (Note 15)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Keith Bodnarchuk"
Director

/s/ "Janine Richardson"
Director

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

COSA RESOURCES CORP.**Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars, except number of shares)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
		\$	\$
Operating expenses			
Depreciation		3,282	3,291
Exploration and evaluation expenses	7, 10	3,028,219	6,428,942
Marketing and investor relations		553,921	800,889
Office and administrative		174,601	171,293
Professional fees		179,420	138,072
Salaries and management fees	10	768,619	657,843
Share-based compensation	9(d), 10	681,614	288,496
Transfer agent and filing fees		56,434	60,021
Travel		52,904	43,932
		(5,499,014)	(8,592,779)
Other income (expense)			
Accretion expense	5	(141,260)	-
Amortization of flow-through premium liability	8	990,022	2,141,242
Change in fair value of investment		(10,500)	-
Income on sale of mineral rights		114,714	-
Interest income		105,474	203,749
Services revenue		53,445	-
Write off of mineral rights		(2,224)	-
Net loss and comprehensive loss		(4,389,343)	(6,247,788)
Net loss per share:			
Basic and diluted		(0.05)	(0.11)
Weighted average number of common shares:			
Basic and diluted		87,516,006	55,001,887

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

COSA RESOURCES CORP.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2025	Year ended December 31, 2024
	\$	\$
Operating activities:		
Net loss for the year	(4,389,343)	(6,247,788)
Adjustments for:		
Accretion expense	141,260	-
Amortization of flow-through premium liability	(990,022)	(2,141,242)
Change in fair value of investment	10,500	-
Write off of mineral rights	2,224	-
Depreciation	3,282	3,291
Income on sale of mineral rights	(114,714)	-
Share-based compensation	681,614	288,496
Changes in non-cash working capital:		
Accounts receivable	(39,183)	-
Goods and services tax recoverable	94,977	(255,687)
Prepaid expenses and deposits	208,319	36,693
Accounts payable and accrued liabilities	(15,579)	64,928
Cash used in operating activities	(4,406,665)	(8,251,309)
Investing activities:		
Acquisition of exploration and evaluation assets	(75,683)	(46,146)
Proceeds on option of mineral rights	100,000	-
Cash provided by (used in) investing activities	24,317	(46,146)
Financing activities:		
Proceeds from exercise of warrants	-	40,658
Proceeds from exercise of stock options	-	43,800
Proceeds from the issuance of units	5,200,000	1,000,160
Proceeds from the issuance of flow-through shares	1,500,000	-
Proceeds from the issuance of charity flow-through units	6,800,000	5,500,656
Unit issuance costs	(1,099,648)	(505,898)
Cash provided by financing activities	12,400,352	6,079,376
Net change in cash and cash equivalents	8,018,004	(2,218,079)
Cash and cash equivalents, beginning of year	1,682,243	3,900,322
Cash and cash equivalents, end of year	9,700,247	1,682,243
Supplemental cash flow information:		
Cash income tax paid	-	-
Cash interest paid	-	-
Cash interest received	105,474	203,749
Fair value of shares issued to acquire mineral properties	5,372,231	219,000
Unit issuance costs - warrants	313,484	107,483
Accrued costs of acquisition of exploration and evaluation assets	-	93,100

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

COSA RESOURCES CORP.**Statements of Changes in Shareholders' Equity**

(Expressed in Canadian dollars, except number of shares)

	Number of shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, December 31, 2023	46,259,034	7,915,368	1,047,149	(3,906,207)	5,056,310
Exercise of warrants	178,880	78,767	(38,109)	-	40,658
Exercise of stock options	140,000	76,774	(32,974)	-	43,800
Units issued for cash	2,128,000	904,400	95,760	-	1,000,160
Charity flow-through units issued for cash	7,704,000	5,153,976	346,680	-	5,500,656
Flow-through premium liability	-	(1,879,776)	-	-	(1,879,776)
Share issuance costs - cash	-	(505,898)	-	-	(505,898)
Share issuance costs - agent warrants	-	(107,483)	107,483	-	-
Shares issued to acquire Titan	300,000	159,000	-	-	159,000
Shares issued to acquire Orbit	250,000	60,000	-	-	60,000
Share-based compensation	-	-	288,496	-	288,496
Net loss and comprehensive loss for the year	-	-	-	(6,247,788)	(6,247,788)
Balance, December 31, 2024	56,959,914	11,855,128	1,814,485	(10,153,995)	3,515,618
Shares issued to acquire Denison Properties	14,195,506	3,619,854	-	-	3,619,854
Units issued for cash	20,338,462	5,156,000	44,000	-	5,200,000
Flow-through shares issued for cash	5,000,000	1,500,000	-	-	1,500,000
Charity flow-through units issued for cash	16,478,866	6,755,294	44,706	-	6,800,000
Flow-through premium liability	-	(2,804,907)	-	-	(2,804,907)
Share issuance costs - cash	-	(1,099,648)	-	-	(1,099,648)
Share issuance costs - agent warrants	-	(313,484)	313,484	-	-
Share-based compensation	-	-	681,614	-	681,614
Net loss and comprehensive loss for the year	-	-	-	(4,389,343)	(4,389,343)
Balance, December 31, 2025	112,972,748	24,668,237	2,898,289	(14,543,338)	13,023,188

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

COSA RESOURCES CORP.

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

1. NATURE OF BUSINESS AND GOING CONCERN

Cosa Resources Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on November 16, 2020. The Company's head office is located at 1723 - 595 Burrard St, Vancouver, British Columbia, Canada, V7X 1L4; and its registered office is located at 401 - 353 Water Street, Vancouver, British Columbia, Canada, V6B 1B8. The Company's common shares trade on the TSX Venture Exchange under the symbol "COSA", the OTCQB Venture Market under the ticker symbol "COSAF", and on the Frankfurt Stock Exchange under the ticker symbol "SSKU".

The Company's principal business activities include the acquisition and exploration of mineral property assets. The Company is 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.

Going concern

These financial statements for the years ended December 31, 2025 and 2024 (the "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 December 31, 2025, the Company has not yet achieved profitable operations. The continuing operations of the Company are dependent upon obtaining the necessary financing to meet the Company's commitments as they become due and its ability 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 conditions indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. These financial statements do not include any adjustments for the recoverability and classification of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on April 22, 2026.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of presentation

These financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

c) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company is the Canadian dollar. The financial statements are presented in Canadian dollars, except as otherwise noted.

3. MATERIAL ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of twelve months or less which correspond to cashable GICs which are redeemable at any time without penalties.

b) Related party disclosures

Parties are considered to be 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 considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

c) Exploration and evaluation assets

Costs incurred before the Company has acquired the right to explore a property are expensed as incurred. Exploration and evaluation asset acquisition costs including option payments are capitalized. Exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are expensed as incurred. Once a property is brought into production, the capitalized costs are amortized on a units-of-production basis, or until the property is abandoned, sold or management determines that the asset is no longer economically viable, at which time the unrecovered deferred costs are expensed. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in the statement of profit (loss).

d) Share capital and share issuance costs

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash, are measured based on the fair value of the consideration received, unless the fair value cannot be estimated reliably, in which case they are measured at the fair value of the shares at the date the shares are issued.

Professional, consulting, regulatory and other costs directly attributable to equity financing transactions are recorded as share issue costs when the financing transactions are completed if the completion of the transaction is considered likely. Otherwise, they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

e) Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to share-based compensation expense is recorded in reserves.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based compensation reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based compensation reserve.

f) Share purchase warrants

Share purchase warrants are classified as a component of equity.

Proceeds from unit issuances by the Company consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

3. MATERIAL ACCOUNTING POLICIES (continued)

Share purchase warrants issued for services are initially recorded as a part of reserves in equity at the recognized fair value. The fair value of the share purchase warrants is determined using the Black-Scholes option pricing model.

Upon exercise of the share purchase warrants the previously recognized value of the warrants exercised is reallocated to share capital from reserves. The proceeds generated from the payment of the exercise price are allocated to share capital. Should the warrants expire before exercise the previously recognized value of the warrants expired is reallocated to contributed surplus from warrants reserve.

g) Flow-through shares

Canadian income tax legislation permits companies to issue flow-through instruments whereby the income tax deductions generated by eligible expenditures of the Company, defined in the Income Tax Act (Canada) as qualified Canadian exploration expenses, are claimed by the investors rather than by the Company. Shares issued on a flow-through basis are typically sold at a premium above the market share price which relates to the tax benefits that will flow through to the investors. The Company often issues flow-through shares as part of its equity financing transactions in order to fund its Canadian exploration activities. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the flow-through share price over the market share price of the common shares without the flow-through feature at the time of issuance. When the Company issues flow-through units, the proceeds are allocated to common shares and share purchase warrants consistent with the policy described in Note 3(f) and the balance, if any, is attributed to the premium. The premium is recorded as a liability which represents the Company's obligation to spend the flow-through funds on eligible expenditures and is amortized as other income through profit or loss as the eligible expenditures are incurred.

h) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs net losses in a fiscal year, basic and diluted losses per share are calculated in the same manner. In the Company's case, diluted loss per share is the same as basic loss per share as the effect of outstanding stock options and warrants on loss per share would be anti-dilutive.

i) Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against, which they can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories:

- i. Fair value through profit or loss ("FVTPL")
- ii. Fair value through other comprehensive income ("FVTOCI")
- iii. Amortized cost

The determination of the classification of financial assets is made at initial recognition. The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in profit or loss. The Company has no financial assets in this category as at December 31, 2025 or 2024.

Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income or loss. The Company has no financial assets in this category as at December 31, 2025 or 2024.

Financial assets at amortized cost

A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection on contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Company classifies cash and cash equivalents in this category.

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. The financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

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

Financial liabilities at FVTPL

This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company has no financial liabilities in this category as at December 31, 2025 or 2024.

Other financial liabilities

This category includes accounts payable and accrued liabilities which are recognized at amortized cost using the effective interest method.

COSA RESOURCES CORP.

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

3. MATERIAL ACCOUNTING POLICIES (continued)

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period. Transaction costs in respect of financial liabilities at fair value through profit or loss are recognized in profit or loss immediately while transaction costs associated with other financial liabilities are included in the initial measurement of the financial liability.

Financial liabilities are derecognized when their contractual obligations are discharged, cancelled, or expire. The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different in which case a new financial liability based on the modified terms is recognized at fair value.

k) Equipment

Equipment is stated at historical cost net of accumulated depreciation and impairment losses.

The cost of an item of equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs.

Costs incurred for major overhaul of existing equipment and sustaining capital are capitalized as equipment and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are accounted for as repairs and maintenance.

The carrying amounts of equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of mine or lease, whichever is shorter. Depreciation starts on the date when commissioning is complete, and the asset is ready for its intended use.

Equipment is depreciated over 5 years using a straight-line depreciation method.

l) Services Revenue

The Company earns operator fees on certain properties where it manages exploration programs on behalf of third parties. These fees are recognized as services are provided and the related exploration expenses are incurred.

m) Pronouncements issued but not yet effective:

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks

3. MATERIAL ACCOUNTING POLICIES (continued)

and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The adoption of these amendments is not expected to have a significant effect on the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements and applying its accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of, expenses, assets and liabilities, the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The judgements, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a) Going concern

These financial statements were prepared under the assumption that the Company will continue as a going concern. The Company's management has assessed the Company's ability to continue as a going concern and has exercised judgment in its determination that the Company has the necessary resources and access to capital to continue its business for the foreseeable future.

b) Impairment of exploration and evaluation assets

At the end of each financial reporting period, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that an impairment loss or reversal of previous impairment should be recorded. Where such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any.

With respect to exploration and evaluation assets, the Company is required to make estimates and judgments about future events and circumstances and whether the carrying amount of exploration assets exceeds its recoverable amount. Recoverability depends on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental, and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or its ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Significant areas requiring the use of management estimates and assumptions include:

c) Fair value calculation of share-based compensation

The fair value of share-based compensation in relation to the options granted is calculated using a Black-Scholes option pricing model. There are a number of inputs used in the calculation such as the expected option life, risk-free interest rate used and the future price volatility of the underlying security, which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

COSA RESOURCES CORP.**Notes to the Financial Statements****For the years ended December 31, 2025 and 2024**

(Expressed in Canadian dollars, except where noted)

5. DENISON PROPERTIES ACQUISITION

On November 27, 2024, the Company entered into an agreement with Denison Mines Corp. ("Denison") to acquire a 70% ownership interest in the Murphy Lake North, Darby and Packrat properties (collectively, the "Denison Properties") from Denison (the "Acquisition"). Upon closing of the Acquisition, the parties agreed to form a joint venture for each of the Denison Properties. The Acquisition was completed on January 13, 2025.

The Company, with a 70% ownership interest, retains control over the Denison Properties and full decision-making authority. Under IFRS 11 *Joint arrangements*, since the joint venture agreement does not establish joint control, the Company as the operator recognizes in full all assets, liabilities, revenue and expenses less the 30% contribution from Denison according to relevant IFRS Accounting Standards.

The Acquisition has been accounted for as an equity-settled share-based payment transaction within the scope of IFRS 2 *Share-based payments*. The Acquisition did not qualify as a business combination under IFRS 3 *Business combinations*, as the significant inputs, processes, and outputs that together constitute a business did not exist in the Denison Properties at the time of acquisition. Accordingly, the consideration in excess of net assets acquired was recognized as exploration and evaluation asset acquisition costs and capitalized.

Consideration for the Acquisition of the Denison Properties comprised:

- 14,195,506 common shares of the Company at \$0.255 per share for a fair value of \$3,619,854 ("Effective Date Consideration Shares");
- Common shares of the Company with an aggregate value of \$2,250,000 ("Deferred Consideration Shares").

Due to the deferral in issuing the Deferred Consideration Shares, their value is measured at the acquisition date by discounting the future payment using the effective interest method. At acquisition date, the fair value of the Deferred Consideration Shares was \$1,752,377. During the year ended December 31, 2025, the Company recognized \$141,260 as accretion expense in connection with the Deferred Consideration Shares. As at December 31, 2025, the carrying value of the Deferred Consideration Shares is \$1,893,696.

As part of the Acquisition, the Company has agreed to fund \$1,500,000 before December 31, 2027 and \$5,000,000 before June 30, 2029 for evaluation and exploration expenditures on Murphy Lake North and Darby, respectively. Failure to complete the required expenditures will reduce the Company's ownership percentage in each property to 49%. As of December 31, 2025, the Company has completed the \$1,500,000 funding requirement for Murphy Lake North and completed \$202,692 of expenditures towards Darby.

A summary of the Company's fair value of the consideration and net assets acquired is as follows:

	January 13, 2025
	\$
Consideration	
Effective Date Consideration Shares	3,619,854
Deferred Consideration Shares	1,752,377
Acquisition cost - professional fees	181,375
	5,553,606
Net assets acquired	
Murphy Lake North	2,550,338
Darby	2,040,271
Packrat	962,997
	5,553,606

COSA RESOURCES CORP.
Notes to the Financial Statements
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6. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Prepaid expenses	11,124	141,947
Saskatchewan Ministry of Energy and Resources deficiency deposit – Aurora	38,429	253,436
Saskatchewan Ministry of Energy and Resources deficiency deposit – Orion	54,321	-
Saskatchewan Ministry of Energy and Resources deficiency deposit – Darby	83,190	-
	187,064	395,383

7. EXPLORATION AND EVALUATION ASSETS AND EXPENSES

a) A summary of the Company's exploration and evaluation assets comprising capitalized acquisition costs is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Murphy Lake North (Note 5)	2,550,338	49,978
Darby (Note 5)	2,040,271	39,983
Packrat (Note 5)	962,997	18,872
Ursa (i)	398,371	398,371
Astro (ii)	-	27,286
Other (iii)	1,490,493	1,489,576
	7,442,470	2,024,066

i) Ursa

As at December 31, 2025, the Company held a portfolio of properties in the Athabasca Basin which were initially acquired through the 2022 acquisition of Polaris Uranium Corp., which include four uranium exploration properties, consisting of Castor, Charcoal, Orion, and Ursa. Ursa is subject to a 2% NSR which can be reduced to 1% with the payment of \$1,000,000. Ursa is the only material property in this acquisition and the other three properties are grouped in Other.

ii) Astro

On April 8, 2025, the Company entered into an option agreement with Global Uranium Corp. ("Global Uranium"), pursuant to which Global Uranium may earn up to an 80% interest in the Company's Astro property ("Astro"). Under the terms of the agreement, Global Uranium can earn this interest by funding exploration expenditures of up to \$9,500,000, making aggregate cash payments of \$800,000, and issuing 2,600,000 common shares to the Company over five earn-in phases through December 31, 2029.

The Company will act as the initial operator of the property and is entitled to charge an operator fee of 7.5%. Upon completion of Phase 2, and at the conclusion of each subsequent phase, Global Uranium may elect either to continue with the earn-in or to form a joint venture with the Company. If Global Uranium terminates the agreement prior to completing Phases 1 and 2 by their respective deadlines, all consideration paid will be forfeited, and no interest in Astro will be retained.

COSA RESOURCES CORP.**Notes to the Financial Statements****For the years ended December 31, 2025 and 2024**

(Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)

A summary of Global Uranium's obligations under the agreement is as follows:

	Exploration expenditures	Cash payments	Share payments	Total ownership
	\$	\$	#	
Signing (fulfilled)	-	-	100,000	0%
Phase 1 - March 31, 2026	500,000	100,000	200,000	20%
Phase 2 - December 31, 2026	1,500,000	100,000	300,000	35%
Phase 3 - December 31, 2027	2,000,000	200,000	500,000	50%
Phase 4 - December 31, 2028	2,500,000	200,000	500,000	65%
Phase 5 - December 31, 2029	3,000,000	200,000	1,000,000	80%
	9,500,000	800,000	2,600,000	

During the year ended December 31, 2025, Global Uranium issued 300,000 common shares to the Company. The Global Uranium common shares have a fair value of \$31,500 as at December 31, 2025.

As at December 31, 2025, Global Uranium has funded \$257,446 of the \$500,000 in required Phase 1 exploration expenditures. During the year ended December 31, 2025, the Company recognized services revenue of \$21,648 (2024 - \$nil) related to operator fees charged to Global Uranium. As at December 31, 2025, \$8,138 (December 31, 2024 - \$nil) was due from Global Uranium.

iii) Other

The Company's other properties include Heron, Castor, Charcoal, Orion, Aurora, Eclipse, Helios, Orbit and Cosmo.

Heron is subject to a 2% net smelter return royalty ("NSR"). The Company will have the right at any time following the delivery of a feasibility report on Heron to repurchase 1% NSR for \$2,000,000 in cash, and the remaining 1% NSR for \$5,000,000 in cash.

During the year ended December 31, 2025, the Polaris and Solstice claims lapsed and the Company wrote down \$2,224 in acquisition costs.

b) A summary of the Company's exploration and evaluation expenses for the years ended December 31, 2025 and 2024 is as follows:

	Note	December 31, 2025	December 31, 2024
		\$	\$
Murphy Lake North	(i)	2,006,705	-
Darby	(ii)	202,692	-
Packrat	(iii)	1,755	-
Ursa	(iv)	463,559	5,526,071
Other	(v)	353,508	902,871
		3,028,219	6,428,942

COSA RESOURCES CORP.
Notes to the Financial Statements
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7. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)

i) Murphy Lake North

A summary of the Company's exploration and evaluation expenses relating to its 70% interest in Murphy Lake North is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Drilling	2,041,489	-
Geophysics	5,628	-
General exploration	301,082	-
JV contributions	(341,494)	-
	2,006,705	-

ii) Darby

A summary of the Company's exploration and evaluation expenses relating to its 70% interest in Darby is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Drilling	98,903	-
Geophysics	3,600	-
General exploration	100,189	-
	202,692	-

iii) Packrat

During the year ended December 31, 2025, the Company incurred exploration and evaluation expenses of \$1,755 (2024 - \$nil) for general exploration related to its 70% interest in Packrat.

iv) Ursa

A summary of the Company's exploration and evaluation expenses relating to Ursa for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Drilling	92,310	3,980,352
Geophysics	2,001	1,228,238
General exploration	369,248	317,481
	463,559	5,526,071

(1) During the year ended December 31, 2025, the Company received \$412,867 for the remediation of contaminated soil under its insurance policies.

COSA RESOURCES CORP.
Notes to the Financial Statements
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7. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)

v) Other

A summary of the Company's exploration and evaluation expenses relating to Aurora for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Cost recovery	(1,432)	-
Geophysics	203,813	406,065
General exploration	151,127	26,213
	353,508	432,278

8. FLOW-THROUGH PREMIUM LIABILITY

The Company has raised funds through the issuance of flow-through equity securities. Based on Canadian tax law, the Company is required to spend this amount on eligible exploration expenditures by December 31 of the year following the issuance of equity securities.

The premium received for a flow-through equity security, which is the price received for the equity security in excess of the market price of the share, is recorded as a flow-through 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.

On June 21, 2023, the Company issued 7,767,000 Charity Flow-through Units at \$0.515 per unit for gross proceeds of \$4,000,005. Each unit consists of one flow-through common share and one half of a warrant. The units were issued at a premium of \$0.165 per unit. As a result, a flow-through premium liability of \$1,281,555 was recorded. The Company is obligated to spend \$4,000,005 by December 31, 2024 on eligible exploration expenditures. This obligation has been met.

On March 5, 2024, the Company issued 7,704,000 Charity Flow-through Units at \$0.714 per unit for gross proceeds of \$5,500,656. Each unit consists of one flow-through common share and one half of a warrant. The units were issued at a premium of \$0.244 per unit. As a result, a flow-through premium liability of \$1,879,776 was recorded. The Company is obligated to spend \$5,500,656 by December 31, 2025 on eligible exploration expenditures. This obligation has been met.

On February 26, 2025, the Company issued 8,941,176 Charity Flow-through Units at \$0.425 per unit for gross proceeds of \$3,800,000. The units were issued at a premium of \$0.175 per unit. As a result, a flow-through premium liability of \$1,564,706 was recorded. The Company is obligated to spend \$3,800,000 by December 31, 2026 on eligible exploration expenditures. As at December 31, 2025, \$1,093,174 has been spent.

On December 4, 2025, the Company closed a brokered private placement of 7,537,690 Charity Flow-through Units at \$0.398 per unit for gross proceeds of \$3,000,000. The units were issued at a premium of \$0.138 per unit. As a result, a flow-through premium liability of \$1,040,201 was recorded. The Company is obligated to spend \$3,000,000 by December 31, 2026 on eligible exploration expenditures. No eligible expenditures were incurred as at December 31, 2025.

On December 4, 2025, the Company closed a brokered private placement of 5,000,000 flow-through shares at \$0.30 per share for gross proceeds of \$1,500,000. The flow-through shares were issued at a premium of \$0.04 per flow-through share. As a result, a flow-through premium liability of \$200,000 was recorded. The Company is obligated to spend \$1,500,000 by December 31, 2026 on eligible exploration expenditures. No eligible expenditures were incurred as at December 31, 2025.

During the year ended December 31, 2025, the Company incurred qualifying exploration expenditures of \$2,902,489 (December 31, 2024 - \$6,438,421). As a result, during the year ended December 31, 2025, the Company recognized amortization in connection with the flow-through premium liability of \$990,022 (December 31, 2024 - \$2,141,242).

COSA RESOURCES CORP.
Notes to the Financial Statements
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8. FLOW-THROUGH PREMIUM LIABILITY (continued)

A summary of the Company's flow-through premium liability and remaining eligible expenditure obligation movement is as follows:

	Flow-through funding and eligible expenditures	Flow-through premium liability
	\$	\$
Balance, December 31, 2023	2,747,080	878,613
Flow-through funds raised	5,500,656	1,879,776
Eligible expenditures	(6,438,421)	(2,141,242)
Balance, December 31, 2024	1,809,315	617,147
Flow-through funds raised	8,300,000	2,804,907
Eligible expenditures	(2,902,489)	(990,022)
Balance, December 31, 2025	7,206,826	2,432,032

9. SHARE CAPITAL AND RESERVES

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

During the year ended December 31, 2025, the Company completed the following transactions:

- On February 26, 2025, the Company closed a brokered private placement of 8,800,000 units at \$0.25 per unit for gross proceeds of \$2,200,000. Each unit consists of one common share and half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.37 and expires on February 26, 2027. Applying the residual method, proceeds were allocated between shares and warrants using the closing fair value on the issuance date of \$0.24 for one common share. Proceeds from the units of \$2,156,000 were allocated to share capital and a residual amount of \$44,000 was allocated to reserves. In connection with the private placement and issuance of Charity FT Units on February 26, 2025, the Company paid combined share issuance costs of \$498,434 and issued 824,070 agent warrants. The agent warrants were valued using the Black-Scholes option pricing model and have a fair value of \$106,656. Each agent warrant entitles the holder to purchase one common share at an exercise price of \$0.25 until February 26, 2027.
- On February 26, 2025, the Company closed a brokered private placement of 8,941,176 Charity FT Units at \$0.425 per unit for gross proceeds of \$3,800,000. Each unit consists of one flow-through common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.37 and expires on February 26, 2027. The gross proceeds were first allocated to the flow-through premium liability, calculated as the difference between the price of a Charity FT Unit and the price of a unit on the issue date. As a result, \$1,564,706 was allocated to the flow-through premium. The remaining proceeds of \$2,235,294 were allocated using the residual value method. As a result, \$2,190,588 was allocated to share capital and \$44,706 was allocated to reserves.
- On December 4, 2025, the Company closed a brokered private placement of 11,538,462 units at \$0.26 per unit for gross proceeds of \$3,000,000. Each unit consists of one common share and half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.37 and expires on December 4, 2027. Applying the residual method, proceeds were allocated entirely to the shares using the closing fair value on the issuance date of \$0.32 for one common share.

COSA RESOURCES CORP.

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

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9. SHARE CAPITAL AND RESERVES (continued)

- On December 4, 2025, the Company closed a brokered private placement of 7,537,690 Charity FT Units at \$0.398 per unit for gross proceeds of \$3,000,000. Each unit consists of one flow-through common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.37 and expires on December 4, 2027. The gross proceeds were first allocated to the flow-through premium liability, calculated as the difference between the price of a Charity FT Unit and the price of a unit on the issue date. As a result, \$1,040,201 was allocated to the flow-through premium. The remaining proceeds of \$1,959,799 were allocated entirely to the shares using the closing fair value on the issuance date of \$0.32 for one common share.
- On December 4, 2025, the Company closed a brokered private placement of 5,000,000 flow-through shares at \$0.30 per share for gross proceeds of \$1,500,000. The gross proceeds were first allocated to the flow-through premium liability, calculated as the difference between the price of a flow-through share and the price of a share on the issue date. As a result, \$200,000 was allocated to the flow-through premium. The remaining proceeds of \$1,300,000 were allocated to the shares.

During the year ended December 31, 2024, the Company completed the following transactions:

- On January 31, 2024, the Company issued 300,000 common shares to acquire 100% interest in the Titan property at a fair value of \$0.53 per common share for gross consideration of \$159,000 (Note 7 (a)(ii)).
- On March 5, 2024, the Company closed a brokered private placement consisting of 2,128,000 units and 7,704,000 Charity FT Units. The units were priced at \$0.47 per unit for gross proceeds of \$1,000,160. Each unit contained one common share and half of a warrant with an exercise price of \$0.67 and expire on March 5, 2026. Applying the residual method, proceeds were allocated between shares and warrants using the closing fair value on the issuance date of \$0.42 for one common share. Proceeds from the units of \$904,400 were allocated to share capital and a residual amount of \$95,760 was allocated to reserves. The Charity FT Units were priced at \$0.714 per unit and consist of one flow-through common share and one half of a warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.67 and expire on March 5, 2026. The gross proceeds were first allocated to the flow-through premium liability, calculated as the difference between the price of a Charity FT Unit and the price of a unit on the issue date. As a result, \$1,879,776 was allocated to the flow-through premium. The remaining proceeds of \$3,620,880 were allocated using the residual value method. As a result, \$3,274,200 was allocated to share capital and \$346,680 was allocated to reserves. Total share issuance costs were \$613,381 in connection with this private placement, which include \$505,898 of cash unit issuance costs and \$107,483 related to 490,552 agent warrants issued to agents, which were valued using the Black-Scholes option pricing model with a corresponding amount added to reserves. Each agent warrant entitles the holder to purchase one common share at an exercise price of \$0.47 until March 5, 2026.
- On August 6, 2024, the Company issued 250,000 common shares to acquire 100% interest in the two additional mineral claims in the Orbit property at a fair value of \$0.24 per common share for gross consideration of \$60,000.
- The Company issued 178,880 common shares for gross proceeds of \$40,658 on the exercise of warrants. Accordingly, the Company reallocated \$38,109 from reserves to share capital.
- The Company issued 140,000 common shares for gross proceeds of \$43,800 on the exercise of stock options. Accordingly, the Company reallocated \$32,974 from reserves to share capital.

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9. SHARE CAPITAL AND RESERVES (continued)

c) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2023	6,924,359	0.48
Issued (Note 9(b))	5,406,552	0.65
Exercised	(178,880)	0.22
Expired	(3,608)	0.35
Balance, December 31, 2024	12,148,423	0.56
Issued (Note 9(b))	20,344,995	0.36
Expired	(6,741,871)	0.49
Balance, December 31, 2025	25,751,547	0.42

During the year ended December 31, 2025, the weighted average share price on the date of exercise of warrants was \$Nil per share (2024 - \$0.46).

A summary of the Company's outstanding warrants as at December 31, 2025 is as follows:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
March 5, 2026	4,916,000	0.67	0.18
March 5, 2026	490,552	0.47	0.18
February 26, 2027	8,870,588	0.37	1.16
February 26, 2027	824,070	0.25	1.16
December 4, 2027	9,538,076	0.37	1.93
December 4, 2027	1,112,261	0.26	1.93
	25,751,547	0.42	0.88

A summary of the Company's weighted average assumptions used in the Black-Scholes option pricing model for warrants issued for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Share price	\$0.25	\$0.43
Exercise price	\$0.35	\$0.47
Expected life	2 years	2 years
Risk-free interest rate	2.63%	4.04%
Expected volatility	100.00%	100.00%
Expected annual dividend yield	0.00%	0.00%

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9. SHARE CAPITAL AND RESERVES (continued)

d) 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 in which the maximum number of shares which can be reserved for issuance is 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.

A summary of the Company's stock option activity is as follows:

	Number of stock options outstanding	Weighted average exercise price
	#	\$
Balance, December 31, 2023	4,365,000	0.32
Granted	1,179,000	0.31
Exercised	(140,000)	0.31
Forfeited	(20,000)	0.27
Balance, December 31, 2024	5,384,000	0.31
Forfeited	(150,000)	0.29
Granted	5,136,000	0.27
Balance, December 31, 2025	10,370,000	0.30

During the year ended December 31, 2025, the weighted average share price on the date of exercise of options was \$Nil per share (2024 - \$0.42).

A summary of the Company's outstanding stock options as at December 31, 2025 is as follows:

Date of expiry	Number of stock options outstanding	Number of stock options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
March 30, 2027	2,000,000	2,000,000	0.33	1.24
July 5, 2027	1,030,000	1,030,000	0.27	1.51
October 5, 2027	25,000	25,000	0.21	1.76
December 1, 2027	150,000	150,000	0.17	1.92
June 26, 2028	950,000	950,000	0.36	2.49
October 4, 2028	50,000	50,000	0.36	2.76
June 26, 2029	1,104,000	740,000	0.31	3.49
January 17, 2030	1,406,000	468,667	0.27	4.05
June 18, 2030	1,735,000	578,333	0.225	4.47
October 23, 2030	75,000	25,000	0.275	4.81
December 16, 2030	1,845,000	615,000	0.33	4.96
	10,370,000	6,632,000	0.30	3.23

All stock options have a term of five years and vest in three equal annual installments commencing on the date of the grant. During the year ended December 31, 2025, the Company recorded share-based compensation of \$681,614 (2024 - \$288,496) related to the vesting of stock options.

A summary of the Company's weighted average assumptions used in the Black-Scholes option pricing model for stock options granted during the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Share price	\$0.27	\$0.30
Exercise price	\$0.27	\$0.31
Expected life	5 years	5 years
Risk-free interest rate	2.92%	3.51%
Expected volatility	100.00%	100.00%
Expected annual dividend yield	0.00%	0.00%

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9. SHARE CAPITAL AND RESERVES (continued)

e) Escrowed Shares

During the year ended December 31, 2025, the Company released 881,250 (2024 - 4,562,500) common shares from escrow and as at December 31, 2025 the Company has no (2024 - 881,250) common shares subject to escrow.

10. RELATED PARTY DISCLOSURES

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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

A summary of the Company's related party transactions with key management personnel for the years ended December 31, 2025 and 2024 are as follows:

	December 31,	December 31,
	2025	2024
	\$	\$
Exploration and evaluation expenses	180,407	137,161
Salaries and management fees	476,634	499,484
Share-based compensation	444,543	192,513
	1,101,584	829,158

11. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support current operations comprising the acquisition and development of its exploration and evaluation assets. The Company obtains funding primarily through issuing common shares. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments comprise cash and cash equivalents, deposits and accounts payable and accrued liabilities. Cash and cash equivalents are classified and subsequent measured at fair value to profit and loss using Level 1 inputs. Deposits and AP and AL are classified and subsequently measured at amortized cost. The carrying values of deposits and accounts payable and accrued liabilities approximate their fair values because of their short-term nature.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is as follows:

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to fulfill its contractual obligations. Credit risk for the Company is associated with its cash and cash equivalents and deposit. The Company has minimal exposure to credit risk as the Company's cash and cash equivalents are held with major Canadian financial institutions and its deposit with a government ministry.

b) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. The Company holds its cash and cash equivalents in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market interest rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalents balance as at December 31, 2025. The Company does not have any financial assets or liabilities subject to changes in exchange rates so does not expect exchange rates to have a material impact to the Company.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are invested in business accounts, which are available on demand. The Company manages its liquidity risk mainly through raising funds from private placements.

The Company's financial liabilities, accounts payable and accrued liabilities \$309,453 (2024 - \$325,033), based on contractual undiscounted payments, will all be settled in less than three months from December 31, 2025.

13. COMMITMENTS

As part of the Acquisition, the Company has agreed to fund \$1,500,000 before December 31, 2027 and \$5,000,000 before June 30, 2029 for evaluation and exploration expenditures on Murphy Lake North and Darby, respectively. Failure to complete the required expenditure will reduce the Company's ownership percentage in each property to 49%. As of December 31, 2025, the Company has completed the \$1,500,00 funding requirement for Murphy Lake North and completed \$202,692 of expenditures towards Darby.

As a part of the Acquisition, the Company also agreed to issue \$2,250,000 in Deferred Consideration Shares by January 13, 2030. Refer to Note 15.

14. INCOME TAXES

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Loss for the year	(4,389,343)	(6,247,788)
Combined federal and provincial statutory income tax rates	27%	27%
Income tax recovery at statutory rates	(1,185,100)	(1,686,900)
Non-deductible expenditures and non-taxable revenues	(76,500)	(500,200)
Change in statutory, foreign tax, foreign exchange rates and other		-
Impact of flow through share	794,800	1,738,400
Share issuance costs	(296,900)	(136,600)
Adjustments to prior years provision versus statutory tax returns and expiry of non-capital losses	(8,800)	28,100
Change in unrecognized deductible temporary differences	772,500	557,200
Income tax expense	-	-

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14. INCOME TAXES (continued)

Deferred taxes

A summary of the Company's significant components of unrecognized deferred tax assets is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Deferred tax assets (liabilities)		
Tax loss carry forwards and pool balances	1,492,600	971,100
Exploration and evaluation assets	(219,600)	(242,600)
Property and equipment	(700)	(1,100)
Share issuance costs and financing fees	381,000	200,800
Obligation to issue shares and other	39,500	-
	1,692,800	928,200
Unrecognized deferred tax assets	(1,692,800)	(928,200)
Net deferred tax liability	-	-

Deferred tax assets and liabilities that are probable to be utilized are offset if they relate to the same taxable entity and same taxation authority. Future potential tax deductions that do not offset deferred tax liabilities are considered to be deferred tax assets.

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

	December 31, 2025	Expiry date range	December 31, 2024	Expiry date range
	\$		\$	
Temporary differences				
Share issuance costs and financing fees	1,411,000	2045 to 2048	743,700	2045 to 2048
Non-capital losses	4,853,700	2041 to 2044	2,694,100	2041 to 2044
Investment in marketable securities	5,300	No expiry date	-	
Property and equipment	-	No expiry date	-	No expiry date
Mineral resources properties, net of flow-through shares	-	No expiry date	-	No expiry date

Deferred tax assets have not been recognized on non-capital loss carry forwards.

15. SUBSEQUENT EVENTS

- a) On February 10, 2026, the Company entered into an option agreement with Traction Uranium Corp. ("Traction") pursuant to which Traction has a right to earn up to an 80% interest in the Aurora uranium property by incurring \$9,150,000 in exploration expenditures, making \$1,500,000 in cash payments and issuing 5,000,000 shares of Traction in stages by the following deadlines:

	Exploration Expenditures	Cash Payments	Shares of Traction	Traction Total Ownership	Deadline
		\$25,000	250,000	0%	Upon Signing
Phase 1	\$1,150,000	\$75,000	500,000	20%	December 31, 2026
Phase 2	\$2,000,000	\$100,000	500,000	35%	December 31, 2027
Phase 3	\$2,000,000	\$100,000	750,000	49%	December 31, 2028
Phase 4	\$2,000,000	\$200,000	1,000,000	65%	December 31, 2029
Phase 5	\$2,000,000	\$1,000,000	2,000,000	80%	December 31, 2030
	\$9,150,000	\$1,500,000	5,000,000		

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15. SUBSEQUENT EVENTS (continued)

Upon completion of phase 2 through 5, Traction will have to option to continue the earn-in or elect to enter into a Joint Venture with the Company.

- b) On January 14, 2026, the Company issued 1,960,000 common shares to Denison at a price of \$0.3891 to reduce the Deferred Consideration Shares balance from \$2,250,000 by \$762,636 to \$1,487,364.
- c) Subsequent to December 31, 2025, the Company has issued 2,681,635 shares on the exercise of warrants for proceeds of \$955,014.