



**COSA RESOURCES CORP.**

**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars)

**Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine Months Ended July 31, 2023 and 2022**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Cosa Resources Corp. for the interim periods ended July 31, 2023 and 2022, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, D&H Group LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

September 19, 2023



**COSA RESOURCES CORP.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended		Nine months ended	
	Note	2023	July 31, 2022	2023	July 31, 2022
		\$	\$	\$	\$
<b>Operating expenses</b>					
Consulting fees		-	26,667	-	26,667
Depreciation		315	-	315	-
Exploration and evaluation expenses	6, 9	571,818	25,119	857,084	265,541
Marketing and investor relations		28,937	-	113,206	-
Office and administrative		12,591	221	27,737	27,161
Professional fees		49,507	48,512	128,863	98,128
Salaries and management fees	9	99,503	26,212	188,787	39,375
Share-based compensation	9	147,430	204,265	328,521	336,754
Transfer agent and filing fees		31,505	4,337	52,068	34,514
Travel		5,740	5,350	23,258	5,350
		<b>(947,346)</b>	<b>(340,683)</b>	<b>(1,719,839)</b>	<b>(833,490)</b>
<b>Other income</b>					
Amortization of flow-through premium liability	7	181,926	28,488	262,105	28,488
Interest income		10,353	-	26,304	-
<b>Net loss and comprehensive loss</b>		<b>(755,067)</b>	<b>(312,195)</b>	<b>(1,431,430)</b>	<b>(805,002)</b>
<b>Net loss per share:</b>					
Basic and diluted		<b>(0.02)</b>	(0.02)	<b>(0.04)</b>	(0.04)
<b>Weighted average number of common shares:</b>					
Basic and diluted		<b>39,201,482</b>	31,297,660	<b>35,580,068</b>	23,165,814

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

**COSA RESOURCES CORP.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in Canadian dollars)

	Nine months ended July 31,	
	2023	2022
	\$	\$
<b>Operating activities:</b>		
Net loss for the period	(1,431,430)	(805,002)
Items not affecting cash:		
Depreciation	315	-
Share-based compensation	328,521	336,754
Amortization of flow-through premium liability	(262,105)	(28,488)
Changes in non-cash working capital:		
Goods and services tax recoverable	(4,150)	(28,094)
Prepaid expenses	8,624	-
Accounts payable and accrued liabilities	215,401	62,238
<b>Cash used in operating activities</b>	<b>(1,144,824)</b>	<b>(462,592)</b>
<b>Investing activities:</b>		
Acquisition of exploration and evaluation assets	(87,966)	-
Purchases of equipment	(16,410)	-
Cash acquired in the Polaris Uranium Corp. acquisition	-	75,828
<b>Cash (used in) provided by investing activities</b>	<b>(104,376)</b>	<b>75,828</b>
<b>Financing activities:</b>		
Proceeds from exercise of warrants	4,725	6,619
Proceeds from the issuance of units	1,557,791	-
Proceeds from the issuance of charity flow-through units	4,000,005	-
Proceeds from initial public offering shares issued	-	585,000
Proceeds from the issuance of common shares	-	1,400,000
Proceeds from the issuance of flow-through shares	-	600,000
Shares issuance costs	(471,610)	(185,691)
<b>Cash provided by financing activities</b>	<b>5,090,911</b>	<b>2,405,928</b>
Net change in cash and cash equivalents	3,841,711	2,019,164
Cash and cash equivalents, beginning of period	1,840,954	276,036
<b>Cash and cash equivalents, end of period</b>	<b>5,682,665</b>	<b>2,295,200</b>
<b>Supplemental cash flow information:</b>		
Shares issued for the acquisition of exploration and evaluation assets	-	450,000
Shares issued for the acquisition of Polaris Uranium Corp.	-	1,075,000

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

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

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Number of shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, October 31, 2021	17,100,000	415,500	-	(134,464)	281,036
Initial public offering shares	3,900,000	585,000	-	-	585,000
Shares issued for cash	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	-	(171,429)	-	-	(171,429)
Shares issued to acquire Polaris Uranium Corp.	4,300,000	1,075,000	-	-	1,075,000
Shares issued as finders' fee	66,666	10,000	-	-	10,000
Share issuance costs - cash	-	(195,691)	-	-	(195,691)
Share issuance costs - agent warrants	-	(52,950)	52,950	-	-
Exercise of warrants	44,128	10,128	(3,509)	-	6,619
Shares issued for the acquisition of exploration and evaluation assets	1,000,000	450,000	-	-	450,000
Share-based compensation	-	-	336,754	-	336,754
Net loss and comprehensive loss for the period	-	-	-	(805,002)	(805,002)
Balance, July 31, 2022	33,725,079	4,125,558	386,195	(939,466)	3,572,287
Share-based compensation	-	-	101,686	-	101,686
Net loss and comprehensive loss for the period	-	-	-	(331,718)	(331,718)
Balance, October 31, 2022	33,725,079	4,125,558	487,881	(1,271,184)	3,342,255
Exercise of warrants	31,500	7,230	(2,505)	-	4,725
Units issued for cash	4,450,830	1,557,791	-	-	1,557,791
Charity flow-through units issued for cash	7,767,000	4,000,005	-	-	4,000,005
Flow-through premium liability	-	(1,281,555)	-	-	(1,281,555)
Share issuance costs - cash	-	(471,610)	-	-	(471,610)
Share issuance costs - agent warrants	-	(127,951)	127,951	-	-
Share-based compensation	-	-	328,521	-	328,521
Net loss and comprehensive loss for the period	-	-	-	(1,431,430)	(1,431,430)
<b>Balance, July 31, 2023</b>	<b>45,974,409</b>	<b>7,809,468</b>	<b>941,848</b>	<b>(2,702,614)</b>	<b>6,048,702</b>

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

## **COSA RESOURCES CORP.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

#### **For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

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## **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 and registered office is located at 1295 Richards Street, Suite 801, Vancouver, British Columbia, Canada, V6B 1B7. On March 21, 2022, the shares of the Company began trading on the Canadian Stock Exchange under the symbol "COSA". Subsequent to the balance sheet date, on August 28, 2023, the Company's common shares commenced trading on the OTCQB Venture Market under the ticker symbol "COSAF" and on 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.

These unaudited condensed interim consolidated financial statements for the three and nine months ended July 31, 2023 and 2022 (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 July 31, 2023, 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 financial statements do not include adjustments that would 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 September 19, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021 (the "Annual Financial Statements").

### **b) Basis of measurement**

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities, which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

### **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 and its subsidiary's is the Canadian dollar. The financial statements are presented in Canadian dollars, except as otherwise noted.

### **d) Basis of consolidation**

These financial statements include the accounts of the Company and its wholly owned subsidiary, Polaris Uranium Corp ("Polaris"). The Company's financial statements include its subsidiary from the date control commences until the date control ceases. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions and balances are eliminated on consolidation.

**COSA RESOURCES CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

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**2. BASIS OF PRESENTATION (continued)**

**e) Reclassification of prior year comparable period presentation**

Certain amounts on the statements of loss and comprehensive loss of the prior year comparable period have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 to the Annual Financial Statements, with exception of the following:

**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.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments, which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 4 to the Annual Financial Statements, with exception of the following:

**Depreciation of equipment**

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation of equipment and no assurance can be given that actual useful lives and residual values will not differ from current assumptions.



**COSA RESOURCES CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**5. ACQUISITION**

On July 5, 2022, the Company completed the acquisition of all issued and outstanding securities of Polaris pursuant to the terms of a share exchange agreement dated June 27, 2022 (the "Agreement") among the Company, Polaris, and Polaris shareholders. The acquisition of Polaris resulted in the Company acquiring a 100% interest in certain mining tenements in Athabasca Basin, Saskatchewan, as these exploration stage properties are the assets of Polaris (Note 6).

Pursuant to the terms of the Agreement, the Company acquired 100% of the issued and outstanding securities of Polaris in consideration for the issuance of 4,300,000 common shares of the Company. The shares are subject to a 24-month hold period, with 25% of the common shares being released every six months, commencing January 4, 2023.

The acquisition of Polaris has been accounted for by the Company as a purchase of assets in accordance with the guidance provided in IFRS 2 *Share-based Payment* since it did not constitute a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs, that together constitute a business, did not exist in Polaris at the time of acquisition. Accordingly, no goodwill or intangible assets were recorded with respect to the acquisition.

A summary of the purchase price and the fair value of assets acquired as at the July 5, 2022 acquisition date is as follows:

	\$
<i>Purchase price:</i>	
Fair value of common shares issued (4,300,000 shares at \$0.25 per share)	1,075,000
<b>Total consideration</b>	<b>1,075,000</b>
<i>Fair value allocated to:</i>	
Cash	75,828
Exploration and evaluation assets:	
Castor Property	121,661
Charcoal Property	453,193
Orion Property	83,030
Ursa Property	341,288
<b>Net assets acquired</b>	<b>1,075,000</b>

**6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES**

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

	July 31, 2023	October 31, 2022
	\$	\$
Heron Project	470,000	470,000
Castor Property	121,661	121,661
Charcoal Property	453,193	453,193
Orion Property	84,686	83,030
Ursa Property	394,929	341,288
Helios Property	8,046	-
Astro Property	24,015	-
Orbit Property	608	-
	<b>1,557,138</b>	<b>1,469,172</b>

**COSA RESOURCES CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)**

A summary of the Company's exploration and evaluation expenses is as follows:

	Three months ended		Nine months ended	
	2023	July 31, 2022	2023	July 31, 2022
	\$	\$	\$	\$
Heron Project	6,522	22,519	8,583	262,941
Castor Property	5,881	650	85,206	650
Charcoal Property	6,238	650	181,461	650
Orion Property	62,728	650	68,487	650
Ursa Property	473,800	650	488,526	650
Helios Property	5,040	-	8,075	-
Astro Property	4,875	-	9,412	-
Orbit Property	5,627	-	5,627	-
Generative exploration	1,107	-	1,707	-
	<b>571,818</b>	<b>25,119</b>	<b>857,084</b>	<b>265,541</b>

**a) Heron Project**

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").

In April 2021, pursuant to the terms of the Heron Option Agreement, the Company issued 1,000,000 common shares to the Heron Vendors with a fair value of \$20,000, which has been recorded as exploration and evaluation asset. In addition, the Company has fulfilled the requirement to incur \$100,000 in exploration expenditures on the project as of October 31, 2021.

During the year ended October 31, 2022, the Company exercised its option to acquire a 100% interest in the Heron Project and issued 1,000,000 common shares of the Company with a fair value of \$450,000 to complete its remaining obligation under the terms of the Heron Option Agreement.

The Heron Vendors retained 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.

During the three and nine months ended July 31, 2023, the Company incurred \$6,522 and \$8,583, respectively (2022 - \$22,519 and \$262,941, respectively), in exploration and evaluation expenses relating to the Heron Project.

A summary of the Company's exploration and evaluation expenses relating to the Heron Project is as follows:

	Three months ended		Nine months ended	
	2023	July 31, 2022	2023	July 31, 2022
	\$	\$	\$	\$
Environmental and permitting	-	-	-	394
Geological consulting	-	1,706	-	17,710
Geophysics	509	11,883	509	231,135
Land management	-	-	240	-
Miscellaneous	-	8,930	-	13,702
Project management	1,140	-	2,374	-
Project software	4,873	-	5,460	-
	<b>6,522</b>	<b>22,519</b>	<b>8,583</b>	<b>262,941</b>

**COSA RESOURCES CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)****b) Athabasca Uranium Properties**

As at July 31, 2023, the Company holds a portfolio of properties in the Athabasca Basin which includes seven uranium exploration properties, consisting of Castor Property, Charcoal Property, Orion Property, Ursa Property, Helios Property, Astro Property, and Orbit Property, totaling of 147,347 hectares of prospective uranium exploration ground (together known as the "Athabasca Uranium Properties").

On July 5, 2022, following the completion of the Polaris acquisition, the Company acquired an indirect 100% interest in four highly prospective uranium exploration properties, Castor Property, Charcoal Property, Orion Property, and Ursa Property in the eastern Athabasca Basin. As a result, \$999,172 was recognized as exploration and evaluation assets of the Company.

On January 19, 2023, the Company acquired an additional 41,119 hectares of uranium exploration mineral claims along the Cable Bay Shear Zone in the eastern Athabasca basin, which is part of the Company's Ursa Property with acquisition costs of \$53,641. The additional claims were acquired via lost-cost staking and cash consideration paid to an arm's length property vendor.

On April 6, 2023, the Company acquired an additional 12,835 hectares of prospective uranium exploration property in the northern Athabasca Basin known as the "Helios Property" for \$8,046. The Helios Property was acquired through staking and is 100% owned by the Company.

On April 17, 2023, the Company acquired an additional 40,025 hectares of prospective uranium exploration property in the eastern Athabasca Basin which is located 28 kilometres west of the McArthur River Mine, 17 kilometres west of the Fox Lake Deposit, and 13 kilometres north of the Millennium Deposit, known as the "Astro Property" for \$24,015. The Company owns 100% of the Astro Property.

On June 26, 2023, the Company acquired an additional 6,669 hectares of uranium exploration mineral claims in the Athabasca Basin region known as the "Orbit Property". The Orbit Property was acquired through low-cost staking and is 100% owned by the Company.

During the three and nine months ended July 31, 2023, the Company incurred \$564,189 and \$846,794, respectively (2022 - \$2,600 and \$2,600, respectively), in exploration and evaluation expenses relating to the Athabasca Uranium Properties.

**Castor Property**

A summary of the Company's exploration and evaluation expenses relating to the Castor Property is as follows:

	Three months ended		Nine months ended	
	July 31,		July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Geological consulting	-	-	915	-
Geophysics	292	-	76,195	-
Land management	-	650	300	650
Project management	716	-	2,336	-
Project software	4,873	-	5,460	-
	<b>5,881</b>	650	<b>85,206</b>	650

**COSA RESOURCES CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)**Charcoal Property

A summary of the Company's exploration and evaluation expenses relating to the Charcoal Property is as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Geological consulting	-	-	2,134	-
Geophysics	649	-	171,214	-
Land management	-	650	240	650
Project management	716	-	2,413	-
Project software	4,873	-	5,460	-
	<b>6,238</b>	650	<b>181,461</b>	650

Orion Property

A summary of the Company's exploration and evaluation expenses relating to the Orion Property is as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Geophysics	55,926	-	57,139	-
Land management	-	650	240	650
Miscellaneous	365	-	365	-
Project management	1,564	-	5,283	-
Project software	4,873	-	5,460	-
	<b>62,728</b>	650	<b>68,487</b>	650

Ursa Property

A summary of the Company's exploration and evaluation expenses relating to the Ursa Property is as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Aircraft rental	9,503	-	9,503	-
Camp costs	1,200	-	1,200	-
Geological consulting	10,412	-	10,412	-
Geophysics	420,995	-	422,207	-
Land management	-	650	180	650
Miscellaneous	4,405	-	4,405	-
Project management	16,670	-	29,417	-
Project software	5,483	-	6,070	-
Study costs	5,132	-	5,132	-
	<b>473,800</b>	650	<b>488,526</b>	650

**COSA RESOURCES CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)**Helios Property

A summary of the Company's exploration and evaluation expenses relating to the Helios Property is as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Miscellaneous	-	-	1,450	-
Project management	424	-	1,504	-
Project software	4,616	-	5,121	-
	<b>5,040</b>	-	<b>8,075</b>	-

Astro Property

A summary of the Company's exploration and evaluation expenses relating to the Astro Property is as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Miscellaneous	-	-	1,450	-
Project management	1,219	-	4,306	-
Project software	3,656	-	3,656	-
	<b>4,875</b>	-	<b>9,412</b>	-

Orbit Property

A summary of the Company's exploration and evaluation expenses relating to the Orbit Property is as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Miscellaneous	540	-	540	-
Project management	1,431	-	1,431	-
Project software	3,656	-	3,656	-
	<b>5,627</b>	-	<b>5,627</b>	-

**c) Generative exploration projects**

During the three and nine months ended July 31, 2023, the Company had exploration and evaluation expenses of \$1,107 and \$1,707, respectively, relating to due diligence work on projects which the Company does not have title to (2022 - \$nil and \$nil, respectively).

**7. FLOW-THROUGH PREMIUM LIABILITY**

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 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.

**COSA RESOURCES CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended July 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**7. FLOW-THROUGH PREMIUM LIABILITY (continued)**

On April 22, 2022, the Company issued 1,714,285 flow-through shares at a purchase price of \$0.35 per flow-through share for gross proceeds of \$600,000. The flow-through shares were issued at a premium of \$0.10 per share. As a result, a flow-through premium liability of \$171,429 was recorded. The Company is obligated to spend \$600,000 by December 31, 2023 on eligible exploration expenditures.

On June 21, 2023, the Company issued 7,767,000 charity flow-through units (the "Charity FT Units") at the price of \$0.515 per Charity FT Unit for gross proceeds of \$4,000,005. Each Charity FT Unit consists of one flow-through share and one half of a warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.50 until June 21, 2025. The Charity FT Units were issued at a premium of \$0.165 per Charity FT 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.

During the three and nine months ended July 31, 2023, the Company incurred qualifying exploration expenditures of \$568,811 and \$849,438, respectively (2022 - \$99,708 and \$99,708, respectively). As a result, during the three and nine months ended July 31, 2023, the Company recognized an amortization expense in connection with the flow-through premium liability of \$181,926 and \$262,105, respectively (2022 - \$28,488 and \$28,488, respectively).

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, October 31, 2021	-	-
Flow-through funds raised	600,000	171,429
Eligible expenditures	(254,499)	(72,714)
Balance, October 31, 2022	345,501	98,715
Flow-through funds raised	4,000,005	1,281,555
Eligible expenditures	(849,438)	(262,105)
<b>Balance, July 31, 2023</b>	<b>3,496,068</b>	<b>1,118,165</b>

**8. SHARE CAPITAL****a) Authorized**

Unlimited number of common shares without par value.

**b) Issued and outstanding**

During the nine months ended July 31, 2023, the Company completed the following transactions:

- On February 8, 2023, the Company issued 31,500 common shares for gross proceeds of \$4,725 on the exercise of warrants. Accordingly, the Company reallocated \$2,505 from reserves to share capital.
- On June 21, 2023, the Company closed a brokered private placement for aggregate gross proceeds of \$5,557,796 by issuing 4,450,830 units at a price of \$0.35 per unit and 7,767,000 Charity FT Units at a price of \$0.515 per Charity FT Unit (Note 7). Each unit consists of one common share and one half of a warrant. Each Charity FT Unit consists of one flow-through share and one half of a warrant. Each whole warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.50 until June 21, 2025. After allocating the gross proceeds to the flow-through premium, the remaining proceeds are allocated between share capital and reserve using the residual method. As the fair value of the common shares issued exceeded the remaining proceeds, after the allocation of the flow-through premium, there was no proceeds allocated to the warrants. Total share issuance costs were \$599,561 in connection with this private placement, which include \$471,610 of cash share issuance costs and \$127,951 related to 647,355 agent warrants issued to agents, which were valued using the Black-Scholes option pricing model with a corresponding amount added to the reserves account in equity. Each agent warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.35 until June 21, 2025.

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**8. SHARE CAPITAL (continued)**

During the year ended October 31, 2022, the Company completed the following transactions:

- On March 18, 2022, the Company completed its initial public offering (the "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 per common share for gross proceeds of \$585,000. In connection with the IPO, total share issuance costs were \$176,288 comprised of: (i) cash share issuance costs of \$144,579, (ii) the issuance of 66,666 common shares with a fair value of \$10,000, and (iii) the issuance of 273,000 compensation warrants with a fair value of \$21,708. The compensation warrants allow the holder to acquire 273,000 common shares of the Company at an exercise price of \$0.15 per common share for a two-year period.
- On April 22, 2022, the Company issued 1,714,285 flow-through shares at a price of \$0.35 per flow-through share for gross proceeds of \$600,000 and 5,600,000 common shares at a price of \$0.25 per common share for gross proceeds of \$1,400,000. Total share issuance costs were \$68,601 in connection with this financing, which includes \$37,359 of cash share issuance costs and \$31,242 related to 105,341 warrants issued to agents, which were valued using the Black-Scholes option pricing model with a corresponding amount added to the reserves account in equity. Of the total warrants issued, 94,200 entitle the holder to purchase an additional common share for a period of two years at an exercise price of \$0.25 per common share and 11,141 entitle the holder to purchase an additional common share for a period of two years at an exercise price of \$0.35 per common share.
- On May 12, 2022, the Company issued 1,000,000 common shares pursuant to the Heron Option Agreement (Note 6) at a price of \$0.45 per common share for fair value of \$450,000.
- On July 5, 2022, the Company issued 4,300,000 common shares at a fair value of \$0.25 per common share to acquire Polaris for fair value of \$1,075,000 (Note 5).
- During the year ended October 31, 2022, the Company issued 44,128 common shares for gross proceeds of \$6,619 on the exercise of warrants. Accordingly, the Company reallocated \$3,509 from reserves to share capital.

**c) Warrants**

During the nine months ended July 31, 2023, the Company completed the following transactions:

- On June 21, 2023, in connection with the issuance of units and Charity FT Units, 6,108,916 warrants were issued. As the fair value of the common shares issued exceeded the cash proceeds, there was no proceeds allocated to the warrants. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.50 until June 21, 2025. In connection with the brokered private placement, 647,355 agent warrants were issued to agents. Each agent warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.35 until June 21, 2025. Total fair value of the agent warrants issued was \$127,951 and was recorded as share issuance costs to reserves.

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

	Number of warrants	Weighted average exercise price
	#	\$
Balance, October 31, 2021	-	-
Issued	378,341	0.18
Exercised	(44,128)	0.15
Balance, October 31, 2022	334,213	0.18
Issued	6,756,271	0.49
Exercised	(31,500)	0.15
<b>Balance, July 31, 2023</b>	<b>7,058,984</b>	<b>0.47</b>

During the three and nine months ended July 31, 2023, the weighted average share price on the date of exercise of warrants was \$0.40 per share (2022 - \$0.41)

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**8. SHARE CAPITAL (continued)**

A summary of the Company's outstanding warrants as at July 31, 2023 is as follows:

<b>Date of expiry</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
	<b>#</b>	<b>\$</b>	<b>Years</b>
March 18, 2024	197,372	0.15	0.63
April 22, 2024	105,341	0.26	0.73
June 21, 2025	6,108,915	0.50	1.89
June 21, 2025	647,355	0.35	1.89
	<b>7,058,983</b>	<b>0.47</b>	<b>1.84</b>

A summary of the Company's assumptions used in the Black-Scholes option pricing model for warrants issued on March 18, 2022 is as follows:

Share price	\$0.15
Exercise price	\$0.15
Expected life of warrants	2 years
Risk-free interest rate	2.02%
Expected dividend yield	0.00%
Expected stock price volatility	100.00%

A summary of the Company's assumptions used in the Black-Scholes option pricing model for warrants issued on April 22, 2022 is as follows:

Share price	\$0.45
Exercise price	\$0.25
Expected life of warrants	2 years
Risk-free interest rate	2.79%
Expected dividend yield	0.00%
Expected stock price volatility	100.00%

A summary of the Company's assumptions used in the Black-Scholes option pricing model for agent warrants issued on June 21, 2023 is as follows:

Share price	\$0.36
Exercise price	\$0.35
Expected life of warrants	2 years
Risk-free interest rate	4.36%
Expected dividend yield	0.00%
Expected stock price volatility	100.00%

**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 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.

During the nine months ended July 31, 2023, the Company completed the following transactions:

- On December 1, 2022, the Company granted 150,000 stock options to a director of the Company. The stock options are exercisable until December 1, 2027 at an exercise price of \$0.17 per stock option, and vest in three equal annual installments commencing on the date of the grant.
- On June 26, 2023, the Company granted 950,000 stock options to certain directors and officers of the Company. The stock options are exercisable until June 26, 2028 at an exercise price of \$0.36 per stock option, and vest in three equal annual installments commencing on the date of the grant.



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**8. SHARE CAPITAL (continued)**

During the year ended October 31, 2022, the Company completed the following transactions:

- On March 30, 2022, the Company granted 2,100,000 stock options to certain directors, officers, and consultants of the Company. The stock options are exercisable until March 30, 2027 at an exercise price of \$0.33 per stock option, and vest in three equal annual installments commencing on the date of the grant.
- On July 5, 2022, the Company granted 1,090,000 stock options to certain directors, officers, and consultants of the Company. The stock options are exercisable until July 5, 2027 at an exercise price of \$0.27 per stock option, and vest in three equal annual installments commencing on the date of the grant.
- On October 5, 2022, the Company granted 25,000 stock options to a consultant. The stock options are exercisable until October 5, 2027 at an exercise price of \$0.21 per stock option, and vest in three equal annual installments commencing on the date of the grant.

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

	Number of stock options outstanding	Weighted average exercise price
	#	\$
Balance, October 31, 2021	-	-
Granted	3,215,000	0.31
Balance, October 31, 2022	3,215,000	0.31
Granted	1,100,000	0.33
<b>Balance, July 31, 2023</b>	<b>4,315,000</b>	<b>0.32</b>

A summary of the Company's outstanding stock options as at July 31, 2023 is as follows:

Date of expiry	Weighted average exercise price	Number of options outstanding	Number of options exercisable	Weighted average remaining life
	\$	#	#	Years
March 30, 2027	0.33	2,100,000	1,400,000	3.67
July 5, 2027	0.27	1,090,000	726,667	3.93
October 5, 2027	0.21	25,000	8,333	4.18
December 1, 2027	0.17	150,000	50,000	4.34
June 26, 2028	0.36	950,000	316,667	4.91
	<b>0.32</b>	<b>4,315,000</b>	<b>2,501,667</b>	<b>4.03</b>

During the three and nine months ended July 31, 2023, the Company recorded share-based compensation of \$147,430 and \$328,521, respectively (2022 - \$204,265 and \$336,754, respectively) related to vesting of stock options.

A summary of the Company's weighted average assumptions used in the Black-Scholes option pricing model for options issued during the year ended October 31, 2022 is as follows:

Share price	0.31
Exercise price	0.31
Expected life of options	5 years
Risk-free interest rate	2.60%
Expected dividend yield	0.00%
Expected stock price volatility	100.00%

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**8. SHARE CAPITAL (continued)**

A summary of the Company's weighted average assumptions used in the Black-Scholes option pricing model for options issued during the nine months ended July 31, 2023 is as follows:

Share price	\$0.33
Exercise price	\$0.33
Expected life of options (Years)	5.00
Expected stock price volatility	100.00%
Risk-free rate	3.61%
Expected dividend yield	0.00%

**e) Share restrictions**

**Escrowed shares**

On March 21, 2022, in connection with the Company's IPO, an escrow agreement (the "Escrow Agreement") between management and the Company's Board of Directors was completed resulting in 5,375,000 common shares (the "Escrowed Shares") being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrow Shares were released from escrow on the Escrow Agreement date (the "Initial Release") and an additional 15% to be released every six-month interval thereafter, for a period of 36 months following the Initial Release. These Escrowed Shares, may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities.

As at July 31, 2023, 2,150,000 Escrowed Shares have been released from escrow. A summary of the Company's remaining balance of Escrowed Shares to be released as at July 31, 2023 is as follows:

Date of release	Number of Escrowed Shares
	#
September 21, 2023	806,250
March 21, 2024	806,250
September 21, 2024	806,250
March 21, 2025	806,250
	<b>3,225,000</b>

**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 were released in March 2023.

**Heron share payments**

On May 12, 2022, the Company exercised its option to acquire a 100% interest in the Heron 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 13, 2023.

A summary of the Company's remaining balance of common shares to be released as at July 31, 2023 is as follows:

Date of release	Number of common shares in escrow
	#
August 13, 2023 (Note 12)	250,000
November 13, 2023	250,000
February 13, 2024	250,000
May 13, 2024	250,000
	<b>1,000,000</b>

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**8. SHARE CAPITAL (continued)****Polaris acquisition**

On July 5, 2022, the Company acquired 100% of the issued and outstanding securities of Polaris in consideration for the issuance of 4,300,000 common shares of the Company (Note 5). The shares are subject to a 24-month hold period, with 25% of the common shares being released every six months, commencing January 4, 2023. As at July 31, 2023, 2,150,000 common shares have been released.

A summary of the Company's remaining balance of common shares to be released as at July 31, 2023 is as follows:

<b>Date of release</b>	<b>Number of common shares in escrow</b>
	<b>#</b>
January 4, 2024	1,075,000
July 4, 2024	1,075,000
	<b>2,150,000</b>

**9. 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.

During the three and nine months ended July 31, 2023, the Company incurred management fees of \$28,333 and \$58,333, respectively, to the Chief Executive Officer ("CEO") (2022 - \$15,000 and \$22,500, respectively).

During the three and nine months ended July 31, 2023, the Company incurred management fees of \$17,000 and \$32,000, respectively, to the Chief Financial Officer ("CFO") (2022 - \$nil and \$nil, respectively).

During the three and nine months ended July 31, 2023, the Company incurred management fees of \$9,500 and \$32,000, respectively, to the former CFO and current Executive Vice President and director (2022 - \$11,212 and \$16,875, respectively).

During the three and nine months ended July 31, 2023, the Company incurred salaries of \$2,783 and \$4,604, respectively, to the Vice President of Exploration (2022 - \$nil and \$nil, respectively), and exploration and evaluation expenses of \$24,223 and \$49,408, respectively, to the Vice President of Exploration (2022 - \$nil and \$nil, respectively).

During the three and nine months ended July 31, 2023, the Company incurred share-based compensation of \$9,338 and \$46,572, respectively, to the CEO (2022 - \$29,488 and \$76,020, respectively) related to the vesting of stock options.

During the three and nine months ended July 31, 2023, the Company incurred share-based compensation of \$20,932 and \$20,932, respectively, to the CFO (2022 - \$nil and \$nil, respectively) related to the vesting of stock options.

During the three and nine months ended July 31, 2023, the Company incurred share-based compensation of \$7,780 and \$38,325, respectively, to the former CFO and current Executive Vice President and director (2022 - \$24,639 and \$61,864, respectively) related to the vesting of stock options.

During the three and nine months ended July 31, 2023, the Company incurred share-based compensation of \$32,642 and \$97,270, respectively, to directors (2022 - \$46,370 and \$106,862, respectively) related to the vesting of stock options.

During the three and nine months ended July 31, 2023, the Company incurred share-based compensation of \$36,631 and \$36,631, respectively, to the Vice President of Exploration (2022 - \$nil and \$nil, respectively) related to the vesting of stock options.

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**9. RELATED PARTY DISCLOSURES (continued)**

A summary of the Company's related party transactions with key management is as follows:

	Three months ended		Nine months ended	
	July 31,		July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Exploration and evaluation expenses	24,223	-	49,408	-
Salaries and management fees	57,616	26,212	126,937	39,375
Share-based compensation	107,323	100,497	239,730	244,746
	189,162	126,709	416,075	284,121

As at July 31, 2023, included in accounts payable and accrued liabilities is \$24,809 owing to directors and corporate officers (October 31, 2022 - \$19,661). The amounts due are unsecured, due on demand and are non-interest bearing.

**10. 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 stock. 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 nine months ended July 31, 2023. The Company is not subject to externally imposed capital requirements.

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at July 31, 2023, the fair value of the financial instruments cash and cash equivalents and accounts payable and accrued liabilities are classified and measured at amortized cost. The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximate the fair value due to the relatively short-term maturity of these instruments.

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 provided as follows:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Credit risk for the Company is associated with its cash and cash equivalents. The Company has minimal exposure of credit risk on its cash and cash equivalents as the Company's cash and cash equivalents are held with major Canadian financial institutions.

**Liquidity risk**

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. 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 accounts payable and accrued liabilities are due within 90 days of July 31, 2023.

**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 July 31, 2023. The Company does not have any financial assets subject to changes in exchange rates so does not expect exchange rates to have a material impact to the Company.

**COSA RESOURCES CORP.**

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**12. SUBSEQUENT EVENTS**

On August 13, 2023, 250,000 of the Heron Option Shares were released from escrow. As a result, the remaining balance of Heron Option Shares held in escrow is 750,000.

Subsequent to the end of the quarter the Company announced that it had acquired an additional 3,290 hectares of prospective uranium exploration property in the western Athabasca Basin region known as the "Polaris Property" and an additional 1,622 hectares of uranium exploration claims in the eastern Athabasca Basin known as the "Eclipse Property". Polaris and Eclipse are both 100% owned by the Company and were acquired through staking.