



COSA RESOURCES CORP.

Consolidated Financial Statements

For the year ended October 31, 2022 and
the period from November 16, 2020 (incorporation) to October 31, 2021

(Expressed in Canadian dollars)



Independent Auditor's Report

To the Shareholders of Cosa Resources Corp.

Opinion

We have audited the consolidated financial statements of Cosa Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2022 and October 31, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the year ended October 31, 2022 and for the period from incorporation on November 16, 2020 to October 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2022 and October 31, 2021, and its financial performance and its cash flows for the year ended October 31, 2022 and for the period from incorporation on November 16, 2020 to October 31, 2021 in accordance with International Financial Reporting 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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



D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

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.

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

A handwritten signature in black ink that reads "D&H Group LLP". The signature is written in a cursive, flowing style.

Vancouver, B.C.
February 15, 2023

Chartered Professional Accountants

COSA RESOURCES CORP.
Consolidated Statements of Financial Position
As at October 31, 2022 and 2021
(Expressed in Canadian dollars)

	Note	October 31, 2022	October 31, 2021
		\$	\$
ASSETS			
Current assets			
Cash		1,840,954	276,036
Goods and services tax recoverable		47,619	-
Prepaid expenses		128,716	-
		2,017,289	276,036
Exploration and evaluation assets	5,6	1,469,172	20,000
Total assets		3,486,461	296,036
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	45,491	15,000
Flow-through premium liability	7	98,715	-
Total liabilities		144,206	15,000
SHAREHOLDERS' EQUITY			
Share capital	8	4,125,558	415,500
Reserves		487,881	-
Deficit		(1,271,184)	(134,464)
Total shareholders' equity		3,342,255	281,036
Total liabilities and shareholders' equity		3,486,461	296,036

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on February 15, 2023.

"Wesley Short"
Wesley Short, Director

"Janine Richardson"
Janine Richardson, Director

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

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

	Note	Year ended October 31, 2022 \$	From November 16, 2020 (incorporation) to October 31, 2021 \$
Operating expenses			
Consulting fees		40,000	-
Exploration and evaluation expenses	6	422,931	139,322
Management fees	9	65,625	-
Marketing and investor relations		10,000	-
Office and administrative		47,193	242
Professional fees		147,283	29,900
Share-based compensation	8,9	438,440	-
Transfer agent and filing		37,962	-
		(1,209,434)	(169,464)
Other income			
Amortization of flow-through premium liability	7	72,714	35,000
Net loss and comprehensive loss		(1,136,720)	(134,464)
Loss per share			
Basic and diluted		(0.04)	(0.01)
Weighted average number of shares outstanding			
Basic and diluted		25,345,386	11,436,995

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

COSA RESOURCES CORP.**Consolidated Statements of Cash Flows**

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

	Year ended October 31, 2022	From November 16, 2020 (incorporation) to October 31, 2021
	\$	\$
Operating activities		
Net loss for the year	(1,136,720)	(134,464)
Item not affecting cash:		
Share-based compensation	438,440	-
Amortization of flow-through premium liability	(72,714)	(35,000)
Changes in non-cash working capital items:		
Goods and services tax recoverable	(128,716)	-
Prepaid expenses	(47,619)	-
Accounts payable and accrued liabilities	30,491	15,000
Net cash used in operating activities	(916,838)	(154,464)
Investing activities		
Cash acquired from acquisition of Polaris	75,828	-
Net cash provided by investing activities	75,828	-
Financing activities		
Proceeds from issuance of initial public offering shares	585,000	-
Proceeds from issuance of common shares	1,400,000	308,000
Proceeds from issuance of flow-through shares	600,000	122,500
Share issuance costs	(185,691)	-
Proceeds from exercise of warrants	6,619	-
Net cash provided by financing activities	2,405,928	430,500
Net change in cash	1,564,918	276,036
Cash, beginning of the period	276,036	-
Cash, end of the period	1,840,954	276,036
Supplemental disclosure of non-cash transactions		
Share issuance costs - warrants	52,950	-
Share issuance costs – shares	10,000	-
Reallocation of reserves on warrant exercise	(3,509)	-
Shares issued for option agreement payment	-	20,000
Shares issued to acquire Polaris	999,172	-
Deferred transaction costs expensed as share issuance costs	(25,500)	-

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

COSA RESOURCES CORP.**Consolidated 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, November 16, 2020 (incorporation)					
Private placement of common shares issuance for cash	14,350,000	308,000	-	-	308,000
Private placement of flow-through shares issuance for cash	1,750,000	122,500	-	-	122,500
Flow-through premium liability	-	(35,000)	-	-	(35,000)
Shares issued for option agreement payment	1,000,000	20,000	-	-	20,000
Net loss for the period	-	-	-	(134,464)	(134,464)
Balance, October 31, 2021	17,00,000	415,500	-	(134,464)	281,036
Initial public offering shares issued for cash	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	4,300,000	1,075,000	-	-	1,075,000
Shares issued as finders' fee	66,666	10,000	-	-	10,000
Share issuance costs	-	(195,691)	-	-	(195,691)
Share issuance costs - warrants	-	(52,950)	52,950	-	-
Shares issued on the exercise of warrants	44,128	10,128	(3,509)	-	6,619
Shares issued for option agreement payment	1,000,000	450,000	-	-	450,000
Share-based compensation	-	-	438,440	-	438,440
Net loss for the year	-	-	-	(1,136,720)	(1,136,720)
Balance, October 31, 2022	33,725,079	4,125,558	487,881	(1,271,184)	3,342,255

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

COSA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

1. NATURE OF BUSINESS

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 1295 Richards Street, Suite 801, Vancouver, British Columbia, Canada, V6B 1B7. The Company's registered office is located at 353 Water Street, Suite 401, Vancouver, British Columbia, Canada, V6B 1B8. On March 21, 2022, the shares of the Company began trading on the Canadian Stock Exchange under the symbol "COSA".

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 consolidated financial statements for the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021 (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 October 31, 2022, 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 have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on February 15, 2023.

b) Basis of measurement

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

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. The Company's financial statements include subsidiaries 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 Consolidated Financial Statements

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash consists of cash on hand and deposits in banks with no restrictions.

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 also 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 recorded in profit or loss. 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 to profit or loss. 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 profit or loss.

d) Share capital

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.

e) Share issuance costs

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.

f) 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.

g) Share purchase warrants

Share purchase warrants are classified as a component of equity.

Proceeds from issuances by the Company of units 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.

COSA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share purchase warrants issued for service are initially recorded as a part of warrants reserve 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 warrants reserve. The proceeds generated from the payment of the exercise price are also 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.

h) 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. 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 the statement of loss and comprehensive loss as the eligible expenditures are incurred.

i) Loss per share

Basic loss per share are 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 the 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.

j) 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 it relates 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.

COSA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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 the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statements of loss and comprehensive loss. The Company has no financial assets in the category as at October 31, 2022 or 2021.

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 loss. The Company has no financial assets in the category as at October 31, 2022 or 2021.

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 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 the statements of loss and comprehensive loss. The Company has no financial liabilities in the category as at October 31, 2022 or 2021.

COSA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial liabilities

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

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 the statements of loss and comprehensive 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 its contractual obligations are discharged, cancelled, or expire. The Company also 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosures. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

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.

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:

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 estimates used in the calculation such as the expected option life, rate of forfeiture of options granted, 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 Consolidated Financial Statements**

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

5. ACQUISITION

On July 5, 2022, the Company completed the acquisition of all issued and outstanding securities of Polaris Uranium Corp. ("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.

The following table summarizes the asset acquisition:

	July 5, 2022
<i>Purchase price:</i>	\$
Fair value of common shares issued (4,300,000 shares at \$0.25 per share)	1,075,000
Total consideration	1,075,000
<i>Fair value allocated to:</i>	
Cash	75,828
Exploration and evaluation assets	999,172
Net assets acquired	1,075,000

6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES

As at October 31, 2022 and 2021, the Company had the following exploration and evaluation assets:

	October 31, 2022	October 31, 2021
	\$	\$
Heron Project	470,000	20,000
Athabasca Uranium Properties	999,172	-
	1,469,172	20,000

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

COSA RESOURCES CORP.**Notes to the Consolidated Financial Statements**

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)

Exploration and evaluation expenses for the Heron Project for the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021 were:

	2022	2021
	\$	\$
Geophysical consulting	28,191	-
Geophysical survey	231,135	122,588
Other	5,166	16,734
	264,492	139,322

Athabasca Uranium Properties

With the completion of the Polaris acquisition, the Company now holds an indirect 100% interest in four highly prospective uranium exploration properties in the eastern Athabasca Basin (the "Athabasca Uranium Properties"). As a result, \$999,172 was recognized as exploration and evaluation assets of the Company.

Exploration and evaluation expenses for the Athabasca Uranium Properties for the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021 were:

	2022	2021
	\$	\$
Geophysical consulting	13,243	-
Geophysical survey	142,597	-
Other	2,600	-
	158,440	-

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.

During the period ended October 31, 2021, the Company issued 1,750,000 flow-through shares pursuant to a private placement at a price of \$0.07 per share for gross proceeds of \$122,500. The Company allocated \$35,000 as the flow-through premium and recorded this as its flow-through premium liability. As at October 31, 2021, the Company had incurred all of its obligated flow-through expenditures of \$122,500; accordingly, the flow-through premium liability was amortized into profit or loss as amortization of flow-through premium liability.

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. During the year ended October 31, 2022, the Company incurred \$214,520 of qualifying exploration expenditures. As a result, the flow-through premium liability was amortized and an amortization of flow-through premium liability of \$61,286 was recorded.

COSA RESOURCES CORP.**Notes to the Consolidated Financial Statements**

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

7. FLOW-THROUGH PREMIUM LIABILITY (continued)

The following table is a continuity of the flow-through share funding and expenditures along with the corresponding impact on the flow-through premium liability:

	Flow-through funding and eligible expenditures	Flow-through premium liability
	\$	\$
Balance, November 16, 2020 (incorporation)	-	-
Flow-through funds raised	122,500	35,000
Eligible expenditures	(122,500)	(35,000)
Balance, October 31, 2021	-	-
Flow-through funds raised	600,000	171,429
Eligible expenditures	(214,502)	(61,286)
Balance, October 31, 2022	385,498	110,143

8. SHARE CAPITAL**a) Authorized**

Unlimited number of common shares without par value.

b) Issued and outstanding

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

- In March 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.

The fair value of the compensation warrants was determined using a Black-Scholes option pricing model with the following assumptions:

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

- In April 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. The warrants were valued using the following weighted average assumptions:

Expected stock price volatility	100.00%
Expected life of warrants	2 years
Risk-free interest rate	2.79%
Expected dividend yield	0.00%
Exercise price	\$0.26

COSA RESOURCES CORP.**Notes to the Consolidated Financial Statements**

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

- 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.

During the period from November 16, 2020 (incorporation) to October 31, 2021, the Company completed the following transactions:

- In November 2020, the Company issued 5,000,000 common shares to founders at a price of \$0.005 per common share for gross proceeds of \$25,000. The incorporation share issued on November 16, 2020 was cancelled on November 19, 2020.
- In March 2021, the Company issued 6,150,000 common shares pursuant to a private placement at a price of \$0.02 per common share for gross proceeds of \$123,000.
- In April 2021, the Company issued 1,000,000 common shares pursuant to the Heron Option Agreement (Note 6) at a price of \$0.02 per common share for fair value of \$20,000.
- In June 2021, the Company issued 1,750,000 flow-through shares pursuant to a private placement at a price of \$0.07 per flow-through share for gross proceeds of \$122,500.
- In June 2021, the Company issued 3,200,000 common shares pursuant to a private placement at a price of \$0.05 per common share for gross proceeds of \$160,000.

c) Warrants

The following is a summary of the Company's warrants for the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, November 16, 2020 (incorporation) and October 31, 2021	-	-
Issued	378,341	0.18
Exercised	(44,128)	0.15
Balance, October 31, 2022	334,213	0.18

As at October 31, 2022, the Company had the following warrants outstanding and exercisable:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	years
March 18, 2024	228,872	0.15	1.38
April 22, 2024	105,341	0.26	1.48
	334,213	0.18	1.41

During the year ended October 31, 2022, the weighted average share price on the date of exercise of the warrants was \$0.41 per share (2021 - \$nil).

COSA RESOURCES CORP.**Notes to the Consolidated Financial Statements**

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

8. SHARE CAPITAL (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 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.

The following is a summary of the Company's stock options for the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, November 16, 2020 (incorporation) and October 31, 2021	-	-
Granted	3,215,000	0.31
Balance, October 31, 2022	3,215,000	0.31

As at October 31, 2022, the Company had the following stock options outstanding and exercisable:

Date of expiry	Weighted average exercise prices	Options outstanding	Options exercisable	Weighted average remaining life
	\$	#	#	years
March 30, 2027	0.33	2,100,000	700,000	4.42
July 5, 2027	0.27	1,090,000	363,333	4.68
October 5, 2027	0.21	25,000	8,333	4.93
Balance, October 31, 2022	0.31	3,215,000	1,071,666	4.51

The following are the assumptions used for the Black-Scholes option pricing model valuation of stock options granted during the year end October 31, 2022:

Expected stock price volatility	100.00%
Expected life of options	5 years
Weighted average risk-free interest rate	2.60%
Expected dividend yield	0.00%
Weighted average exercise price	\$0.31

During the year ended October 31, 2022, the Company recorded \$438,440 of share-based compensation (2021 - \$nil) related to the vesting of stock options.

e) Share restrictions*Escrowed shares*

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

COSA RESOURCES CORP.**Notes to the Consolidated Financial Statements**

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

Date of release	Number of common shares	Number of common shares remaining
	#	#
March 21, 2022	537,500	-
September 21, 2022	806,250	-
March 21, 2023	806,250	806,250
September 21, 2023	806,250	806,250
March 21, 2024	806,250	806,250
September 21, 2024	806,250	806,250
March 21, 2025	806,250	806,250
Total	5,375,000	4,031,250

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 Securities 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 Securities, may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities. As at October 31, 2022, 1,343,750 Escrowed Shares have been released from escrow. As at October 31, 2022, the remaining balance of Escrowed Securities is 4,031,250.

Pooling agreement

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

Heron share payments

On May 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 2023.

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. 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.

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 year ended October 31, 2022, the Company incurred management and consulting fees of \$37,500 (2021 - \$nil) to the CEO, and \$28,125 to the CFO; and recorded share-based compensation of \$97,946 to the CEO, \$79,886 to the CFO and \$139,056 to directors (2021 - \$nil) related to the vesting of stock options granted to the key management personnel.

COSA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

9. RELATED PARTY DISCLOSURES (continued)

Amounts paid to key management personnel during the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021 are as follows:

	Year ended October 31, 2022	From November 16, 2020 to October 31, 2021
	\$	\$
Management fees	65,625	-
Share-based compensation	316,888	-
	382,513	-

As at October 31, 2022, \$19,661 (October 31, 2021 - \$nil) was included in accounts payable and accrued liabilities owing to directors and officers. 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 ended October 31, 2022. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at October 31, 2022, the fair value of the financial instruments cash and accounts payable and accrued liabilities are classified and measured at amortized cost. The carrying value of cash 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. The Company has minimal exposure of credit risk on its cash as the Company's cash is held with major Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents and seeking equity financing when needed.

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 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 balance as at October 31, 2022. 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.**Notes to the Consolidated Financial Statements**

For the year ended October 31, 2022 and the period from November 16, 2020 (incorporation) to October 31, 2021
(Expressed in Canadian dollars)

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported income taxes is as follows:

	2022	2021
	\$	\$
Net loss and comprehensive loss	(1,136,720)	(134,464)
Combined federal and provincial rate	27%	27%
Expected income tax (recovery)	(306,900)	(36,300)
Non-deductible expenditures and non-taxable revenues	98,700	23,600
Impact of flow through share	162,000	
Share issuance costs	(50,100)	-
Change in unrecognized deductible temporary differences	86,300	12,700
Total income tax expense (recovery)	-	-

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

	October 31, 2022	October 31, 2021
	\$	\$
Tax loss carry forwards and pool balances	102,100	8,100
Exploration and evaluation assets	47,300	4,600
Flow-through shares	(90,600)	
Share issuance costs and financing fees	40,100	-
	98,900	12,700
Unrecognized deferred tax assets	(98,900)	(12,700)
Net deferred tax assets	-	-

As at October 31, 2022 and 2021, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets.

As at October 31, 2022, the Company had estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income in future years. Their expiry dates are as follow:

2031	30,142
2032	384,528
	414,670

13. SUBSEQUENT EVENTS

On December 1, 2022, the Company granted 150,000 stock options to a director of the Company, which are exercisable until December 1, 2027 at an exercise price of \$0.17 per stock option, and vest one-third annually commencing on the grant date.

On January 19, 2023, the Company acquired an additional 41,119 hectares of uranium exploration mineral claims for total acquisition costs of \$53,048.

On February 8, 2023, the Company issued 31,500 common shares on the exercise of warrants, which had an exercise price of \$0.15 per warrant and an expiry date of March 18, 2024.