

Consolidated Financial Statements of

COSIGO RESOURCES LTD.

For the year ended December 31, 2014

COSIGO RESOURCES LTD.

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Cosigo Resources Ltd.

We have audited the accompanying consolidated financial statements of Cosigo Resources Ltd., which comprise the consolidated statements of financial position as at December 31, 2014 and the consolidated statements of loss and comprehensive loss, changes in deficiency and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Cosigo Resources Ltd. as at December 31, 2014 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of Cosigo Resources Ltd. for the year ended December 31, 2013, were audited by another auditor who expressed an unqualified opinion on those statements on April 28, 2014.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Charlton & Company

"Charlton & Company"

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 29, 2016

COSIGO RESOURCES LTD.

Consolidated Statements of Financial Position

Expressed in Canadian Dollars

As at	Note	December 31, 2014	December 31, 2013
ASSETS			
Current			
Cash		\$ 187,820	\$ 224,439
Amounts receivable	5	53,856	231,341
Prepaid expenses		6,440	45,327
Drilling supplies		-	36,080
		248,116	537,187
Non-current assets			
Equipment	6	15,816	71,515
IVA receivable	5	144,374	160,914
		160,190	232,429
Total Assets		\$ 408,306	\$ 769,616
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 212,928	\$ 118,684
Due to related parties	7	96,364	2,625
Loans	8	172,999	-
		482,291	121,309
EQUITY			
Share capital	9	12,246,924	12,246,924
Share-based payments reserve		2,724,019	2,724,019
Deficit		(15,044,928)	(14,322,636)
Total equity		(73,985)	648,307
Total Liabilities and Equity		\$ 408,306	\$ 769,616

Nature of operations and going concern (Note 1)

Subsequent Events (Note 16)

Approved on behalf of the Board of Directors:

"Hector Mario Cuevas"

Hector Mario Cuevas, Director

"Andres Rendle"

Andres Rendle, Director

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

COSIGO RESOURCES LTD.

Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

	Note	Year ended December 31, 2014	Year ended December 31, 2013
Exploration Expenses	4	\$ 389,943	\$ 1,636,860
General and Administrative Expenses			
Administrative fees and compensation	7	90,671	313,142
Depreciation	6	6,123	5,686
Foreign exchange		(4,411)	(7,856)
Legal, accounting, and audit		88,066	137,853
Office and sundry		96,301	185,196
Share-based compensation		-	32,109
Telecommunications		18,131	27,959
Travel		21,087	123,700
Total General and Administrative Expenses		315,968	817,789
Loss before other items		(705,911)	(2,454,649)
Other expenses			
Impairment of equipment	6	(16,381)	-
Net loss and comprehensive loss		\$ (722,292)	\$ (2,454,649)
Loss Per Share - basic and diluted		\$ (0.01)	\$ (0.03)
Weighted Average Number of Shares Outstanding - basic and diluted		77,630,523	75,858,477

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

COSIGO RESOURCES LTD.

Consolidated Statement of Changes in Deficiency

Expressed in Canadian Dollars

	COMMON SHARES		SHARE-BASED PAYMENT RESERVE	DEFICIT	EQUITY
	NUMBER	AMOUNT			
December 31, 2012	73,134,063	\$ 11,130,150	\$ 2,627,977	\$ (11,867,987)	\$ 1,890,140
Shares issued for cash and compensation	4,496,460	1,116,774	2,171	-	1,118,945
Share based payments	-	-	93,871	-	93,871
Net comprehensive loss for the year	-	-	-	(2,454,649)	(2,454,649)
December 31, 2013	77,630,523	12,246,924	2,724,019	(14,322,636)	648,307
Net comprehensive loss for the year	-	-	-	(722,292)	(722,292)
December 31, 2014	77,630,523	\$ 12,246,924	\$ 2,724,019	\$ (15,044,928)	\$ (73,985)

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

COSIGO RESOURCES LTD.

Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

	Note	Year ended December 31, 2014	Year ended December 31, 2013
Operating activities			
Net loss for the year		(722,292)	(2,454,649)
Depreciation and amortization	6	40,161	25,674
Share-based compensation		-	96,042
Unrealized foreign exchange		892	-
Impairment of equipment	6	16,381	-
Write-off of drilling supplies		36,080	-
Change in non-cash working capital items			
Accounts receivable		176,309	90,711
Prepaid		38,887	23,139
IVA receivable		(2,782)	(160,914)
Drilling supplies		-	62,992
Due from/related parties		93,733	(3,434)
Accounts payable and accrued liabilities		106,519	(24,192)
Net cash used in operating activities		(216,112)	(2,344,631)
Investing activities			
Capital expenditures		(843)	(12,254)
Net cash used in investing activities		(843)	(12,254)
Financing activities			
Proceeds from loans	8	180,336	-
Proceeds from share issuance		-	1,116,774
Net cash provided in financing activities		180,336	1,116,774
Net increase (decrease) in cash		(36,619)	(1,240,111)
Cash, beginning of year		224,439	1,464,550
Cash, end of year		187,820	224,439

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

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Cosigo Resources Ltd. (the “Company” or “Cosigo”) was incorporated on December 21, 1987 in the Province of Alberta and subsequently continued in British Columbia as Horseshoe Gold Mining Inc. The address of the Company’s corporate office and principal place of business is PO Box 31029 Victoria, British Columbia, Canada, V8N 6J3.

The Company is engaged in the business of mineral exploration. The Company has not yet determined whether its property interests contain mineral deposits that are economically recoverable. The recoverability of acquisition and exploration costs with respect to these property interests is dependent on a number of factors including the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

At December 31, 2014, the Company had a working capital deficiency of \$240,615 (December 31, 2013 – surplus of \$334,471), had not yet achieved profitable operations, has accumulated losses of \$15,044,928 (December 31, 2013 - \$14,322,636) since its inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work programs on its mineral properties, meet its on-going levels of corporate overhead and commitments, keep its properties in good standing and discharge its liabilities as they come due. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned work programs and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, the financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES –

a) Statement of compliance

These consolidated financial statements have been prepared under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) incorporating interpretations issued by the IFRS Interpretations Committee (“IFRCs”).

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 29, 2016.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Expressed in Canadian Dollars

b) Basis of presentation

These consolidated financial statements have been prepared on an historical cost basis except for financial instruments that have been measured at fair value. The accounting policies set out below have been applied consistently in all material respects. Standards and guidelines not effective for the current accounting period are described in Note 3.

c) Foreign currency translation

The presentation currency of the Company and the functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items are measured in terms of historical cost of the foreign currency and are not retranslated. Foreign currency gains and losses are included in the determination of the Company's results of operations.

d) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its investment with the investee; and has the ability to use its power to affect its returns. The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. As at December 31, 2014, there is no profit or loss, or OCI attributable to non-controlling interests.

The consolidated statements of financial position presented as at December 31, 2014 and 2013 and the consolidated statements of operations and comprehensive loss, consolidated statement of changes in equity and the consolidated statements of cash flows for the years then ended include the accounts of the Company and its subsidiaries:

1. Cosigo Mining Inc., a wholly owned subsidiary, incorporated on March 30, 2005 under the British Columbia Corporations Act. The subsidiary was disposed in 2014.
2. Horseshoe Gold (U.S.) Inc., a wholly owned subsidiary incorporated in Nevada. The subsidiary was inactive at December 31, 2014 and 2013 and disposed in 2016.
3. Cosigo Frontier Mining Corporation, a wholly owned subsidiary of Cosigo Mining Inc., incorporated on August 20, 2007 under the British Columbia Corporations Act.
4. Cosigo Fronteira, Prospecção Pesquisa e Extração Mineral Ltda., a 49% owned (by Cosigo Mining Inc.) subsidiary, incorporated on April 7, 2010 under the laws of Brazil. The subsidiary was inactive at December 31, 2014.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Expressed in Canadian Dollars

5. Cosigo Resources Prospecção Pesquisa e Extração Mineral Ltda., a 99% owned (by Cosigo Mining Inc.) subsidiary, incorporated on June 6, 2011 under the laws of Brazil. The subsidiary was inactive and disposed in 2014.
6. CFM LLC, a wholly owned subsidiary of Cosigo Frontier Mining Corporation, incorporated on May 22, 2012 in Wyoming. The subsidiary was inactive as at December 31, 2014 and disposed in 2015.
7. Cosigo Frontier Mining LLC, a wholly owned subsidiary of CFM LLC, incorporated on May 18, 2012 in Wyoming. The subsidiary was inactive as at December 31, 2014 and disposed in 2015.
8. Cosigo Mining LLC, a wholly owned subsidiary of Cosigo Mining Inc., incorporated on February 6, 2012 in Wyoming. The subsidiary was inactive as at December 31, 2014 and disposed in 2015.
9. Cosigo Exploration & Mining LLC, a wholly owned subsidiary of Cosigo Mining LLC, incorporated on February 6, 2012 in Wyoming. The subsidiary was inactive as at December 31, 2014 and disposed in 2015.
10. Cosigo Mineracao LLC, a wholly owned subsidiary of Cosigo Mining Inc., incorporated on May 18, 2012 in Wyoming. The subsidiary was inactive as at December 31, 2014 and disposed in 2015.

All intercompany transactions and balances have been eliminated upon consolidation.

e) Cash

Cash includes cash on hand and demand deposits.

f) Exploration and evaluation assets

Capitalized mineral property costs comprise deferred direct costs for the initial acquisition of mineral exploration or exploitation rights and development costs on proven or probable mineral reserves. Capitalized costs related to producing properties are amortized to production on the unit-of-production method, based on estimated production capacity. Property investigation costs are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Mineral exploration costs are expensed as incurred until proven or probable reserves and mining rights and operating plans have been established. Exploration costs include land use fees and overhead costs directly related to exploration activities. Option income from joint interest participants is recorded as revenue in the period earned. Administrative costs are expensed as incurred.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Expressed in Canadian Dollars

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management's judgement that none of the Company's exploration and evaluation assets have reached the development stage and as a result all are considered exploration and evaluation assets or exploration expenses.

Although the Company has taken steps to verify title to mineral properties in which it has interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreement and non-compliance with regulatory requirements.

Capitalized mineral property costs are not intended to reflect present or future values. Capitalized costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, changes in future conditions could require a material change in the recorded amounts.

g) *Equipment*

At acquisition, the Company records equipment at cost including all expenditures incurred to prepare an asset for its intended use. The initial cost of equipment comprises its purchase price, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and, for qualifying assets, their borrowing costs. The purchase price is the aggregate amount paid and the fair value of any other consideration given up to acquire the asset.

Major repairs and maintenance include replacing assets or parts of an asset and plant turnarounds. Where it is probable that future economic benefits associated with the replacement will flow to the Company, the expenditure is capitalized and the replaced asset or part of an asset that was separately depreciated is derecognized. All other maintenance costs are expensed as incurred.

Equipment is depreciated over its estimated useful life on a straight-line basis as follows:

Office furniture and fixtures	5 years
Computer hardware and software	3 years
Mining explorations equipment	5 years
All-terrain vehicles	3 years

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h) Impairment of non-current assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company follows the guidance in *IFRS 6 – Exploration for and evaluation of mineral resources* to determine whether exploration and evaluation assets are impaired. This determination requires significant judgement. Impairment indicators relevant for exploration and evaluation properties include the rights to explore the area of interest have expired during the period or will expire in the near future and the rights are not expected to be renewed; substantive expenditure of further exploration and evaluation is not planned or budgeted; the activities have not lead to a discovery of interest; or deteriorating local conditions such that it may become unsafe to continue operations. If an impairment indicator is identified, management performs an impairment test. If the recoverable amount of the exploration and evaluation assets is less than the carrying amount, an impairment loss is recorded in the consolidated financial statements.

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing performed.

An impairment loss is recognized in the statement of operations, except to the extent they reverse gains previously recognized in other comprehensive income or loss.

Impairment losses are reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, and it has been determined that the asset is no longer impaired or that impairment has decreased. This reversal is recognized in the consolidated statements of comprehensive income (loss) and is limited to the carrying value that would have been determined, net of any depreciation where applicable, had no impairment charge been recognized in prior years. When an impairment reversal is undertaken, the recoverable amount is assessed by reference to the higher of value in use and fair value less costs of disposal.

i) Environmental rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Expressed in Canadian Dollars

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

j) Earnings per share

Earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and other financial instruments with equity features. Under this method, the dilutive effect on earnings per share is calculated to reflect the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Basic and diluted loss per share is equal as the assumed conversion of outstanding options and warrants would be anti-dilutive.

k) Share-based compensation

The Company's share option plan allows employees, directors, consultants and contactors to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity (share-based payment reserve). The fair value is measured at the grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The Company's share option plan allows eligible employees (directors, consultants, and contractors) to acquire shares of the Company and to benefit from a matching contribution by the Company. The fair value of the shares issued under this plan less the actual payment received from the eligible employees is recognized as an expense with a corresponding increase in equity (share-based payment reserve). The fair value of the shares is measured based on the market price of the shares on the day they are issued.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods and services received.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

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Expressed in Canadian Dollars

Where warrants have been issued in a currency that is different from the functional currency of the issuer, the warrants are included in the definition of a derivative and included under liabilities. Warrants are measured at the time of issue using the Black-Scholes option-pricing model to determine their fair value. At each subsequent reporting period, warrants that are derivatives are re-measured in accordance with the accounting policy of financial instruments.

l) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been exacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

m) Financial Instruments

Financial assets

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"); 'held at maturity' investments; 'available for sale' financial assets; and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Expressed in Canadian Dollars

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Available for sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as: loans and receivables; held-to-maturity investments; or financial assets at FVTPL. AFS financial assets are measured at fair value, with any fair value changes recognized in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts receivables, cash, and other assets including amounts held in escrow) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Expressed in Canadian Dollars

Effective interest method

The effective interest method is a method of calculating the amortized cost of an instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, (or, where appropriate a shorter period) to the net carrying amount on initial recognition.

Cosigo's financial assets

The following summarizes the Company's classification and measurement of its financial assets:

Financial asset	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
IVA receivable	Loans and receivables	Amortized cost
Investments	Loans and receivables	Amortized cost

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Generally, the carrying amount of the financial asset is reduced by the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in contributed surplus. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Distributions paid on the Company's equity instruments subsequent to, declared prior to, and with a record date at or prior to the reporting date, are recorded as a liability.

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other financial liabilities'.

COSIGO RESOURCES LTD.

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Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis.

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, (or where appropriate a shorter period), to the net carrying amount on initial recognition. These transaction costs are presented net of the financial liability when there is a balance; otherwise they are presented as a financial asset.

COSIGO RESOURCES LTD.

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Cosigo's financial liabilities

Financial liability	Classification	Measurement
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost
Loans	Other financial liabilities	Amortized cost

The Company derecognizes a financial liability when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

n) Critical accounting policy judgment, estimates, and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual results could materially differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive on future occurrences. Revisions to accounting estimates are recognized in their period in which the estimate is revised and may affect both the period of revision and future periods.

The estimates and assumptions critical to the determination of the amounts reported in the financial statements relate to, but are not limited to, the following:

- The Company's assessment of its ability to raise sufficient funds to finance operations: Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances;
- The analysis of the functional currency for each entity of the Company: In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influence the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained;
- The inputs used in accounting for the value of share-based compensation expense in the consolidated statement of comprehensive loss;
- The estimated remaining values of prepaid expenses and drilling supplies;
- The allocation of overhead costs between exploration projects and general and administrative expenses;
- The determination of income taxes and the valuation of deferred income tax assets;
- Management's assumption that there are currently no rehabilitation costs is based on the facts and circumstances that exist during the period;

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- Title to mineral property interests - Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects and;
- The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

o) Application of new and revised IFRSs

In the current year, the Company has applied a number of new and revised IFRSs issued by the IASB, and incorporated in the Chartered Professional Accountants of Canada Handbook. The following highlights these changes and the effect, if any, on the Company's consolidated financial statements.

Amendments to Financial Instruments

Amendments were made to IAS 32, which clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement". These amendments did not have an impact on the Company's consolidated financial statements, as the Company does not have any financial assets and financial liabilities that qualify for offset.

Additionally, amendments were made to IAS 39, which provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. These amendments did not have an impact on the Company.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The Company does not have any investment entities and, as such, these amendments did not have an impact on its consolidated financial statements.

IFRS Interpretations Committee 21 – Levies ("IFRIC 21")

IFRIC 21, which came into effect on January 1, 2014, provides an interpretation of the requirements in IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 addresses when an entity should recognize a liability to pay a government levy other than income taxes. IAS 37 sets out the criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity

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described in the relevant legislation that triggers the payment of the levy. The standard currently has no impact on the Company's consolidated financial statements.

Amendments to IAS 36 – Impairment of Assets

The overall effect of the amendment is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Company does not have any impaired assets, and, as such, these amendments did not have an impact on its consolidated financial statements.

3. FUTURE ACCOUNTING POLICIES

From time to time, the International Accounting Standards Board ("IASB") issues new accounting standards and revises existing accounting standards. The following standards, not yet effective as at the date of these consolidated financial statements and accordingly not applied to these consolidated financial statements, may have a future impact:

Financial Instruments

IFRS 9 – *Financial Instruments* ("IFRS 9") was issued in July 2014 and contains new requirements for classification and measurement and impairment of financial instruments and introduces a substantially reformed approach to hedge accounting. This standard reflects all phases of the financial instruments project and replaces IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of IFRS 9 and intends to adopt the new standard on the required effective date.

Joint Arrangements

IFRS 11 – *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* ("IFRS 11") was issued in May 2014. The objective of the amendments is to add new guidance to IFRS 11 on accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 – *Business Combinations* ("IFRS 3"). Acquirers of such interests are to apply the relevant principles on business combination accounting in IFRS 3 and other standards, as well as disclose the relevant information specified in these standards for business combinations. This amendment to IFRS 11 is effective for annual periods beginning on or after January 1, 2016 and should be applied prospectively. The Company is currently evaluating the impact to the consolidated financial statements.

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Equity Method in Separate Financial Statements

IAS 27: Amended to restore option to use equity method to account for investments in subsidiaries, joint ventures and associates for annual period beginning on or after January 1, 2016.

Revenue from Contracts with Customers

IFRS 15: In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard must be applied retrospectively with certain disclosure exemptions, with earlier application permitted. The effective date for IFRS 15 is for annual periods beginning on or after January 1, 2018.

4. MINERAL PROPERTIES

a) Exploration expenses

	Note	Dec. 31, 2014	Dec. 31, 2013
Camp		-	169
Equipment Lease	7	55,500	42,000
Geotechnical and drilling		51,806	200,749
General, compensation and project overhead		176,825	607,393
Property license and government fees		10,660	365,297
Sample testing		68,722	51,778
Share-based compensation		-	63,934
Travel and shipping		26,430	305,540
Total		389,943	1,636,860

	Cumulative costs as at Dec. 31,	
	2014	2013
Columbia, South America	5,939,534	5,617,084
Brazil, South America	1,147,517	1,080,024
Total	7,087,051	6,697,108

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b) Exploration Projects in Progress

i) Colombia, Machado

On August 20, 2007, Cosigo Frontier Mining Corporation ("CFMC") was incorporated to carry out the joint exploration of the Taraira North mineral properties. CFMC established a branch in Colombia on September 18, 2007

On September 28, 2007 the Colombian government accepted the Company's bid for the Machado Mineral License and awarded a mineral rights concession for the bid area. Under the terms of the government contract CFMC paid a fee of approximately \$100,000 (196,000,000 Colombian Pesos) for reports with respect to exploration studies carried out by the Colombian government. CFMC also agreed to pay 1% of production revenue to the Colombian government over and above the 4% royalty payable to the Colombian government on all production revenue from the Machado Mineral License.

For the year ended December 31, 2014, the Company completed a preliminary exploratory drilling program and continues the process of obtaining environmental licensing to allow the further exploration of the area to define the importance and extent of known gold-bearing zones and to identify additional areas of interest.

ii) Colombia, Aguas Blancas

On March 4, 2013, the Colombian government accepted the Company's staking application for the Aguas Blancas Mineral License in Taraira North. The Company is in the process of obtaining licensing to allow the exploration of the area to define the importance and extent of known gold-bearing zones and to identify additional areas of interest.

Mineral title was not renewed in 2015 in the interest of saving maintenance costs.

iii) Colombia, CN

On October 29, 2009 Cosigo Resources Ltd. paid government fees and acquired a 100% interest in the CN Mineral License in the Taraira South area of Colombia. The Company is in the process of obtaining approval to allow the exploration of the area. The Company has been advised that a lawsuit will be filed against the Company claiming that the CN Project is within the boundaries of a National Park.

Mineral title was revoked in 2015 as the property was overlapping a National Park. The possibility of getting the mineral title back is remote.

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iv) Colombia, Damian

The Company paid government fees and acquired several mineral licenses in the province of Cauca, in the Damian area of Colombia. The licenses are situated within an area that is predominately licensed by a large international mining company. At September 30, 2011 property investigation efforts in the area were temporarily suspended by government authorities. The licenses remain valid but the required concession payments are not required by the government of Colombia at December 31, 2014.

v) Northwest Territories, Lac de Gras Properties

The Company currently owns 13.26% of the issued common shares of DHK Diamonds Inc., a private company which was formed to own and explore mineral properties in the Northwest Territories, Canada. DHK has entered into a joint exploration program on its properties with a third party who is the operator of the program. The investment in DHK Diamonds Inc. was considered impaired and the cost of the investment was charged to income in a prior year.

Effective June 27, 2013 the Company was advised that the interest of DHK Diamonds Inc. in the joint exploration program was reduced to 10.3141% as a cash call required by February 29, 2013 was not met. In order for DHK Diamonds Inc. to maintain its current interest, it is required to pay its proportionate share of any future cash calls.

5. AMOUNTS RECEIVABLE AND IVA RECEIVABLE

The Company has \$12,181 (2013 - \$218,201) of GST/HST recoverable from the Government of Canada included in amounts receivable at December 31, 2014. The Company has other amounts receivable of \$41,675 (2013 - \$13,140).

The Company has \$144,374 (2013 - \$160,914) of IVA recoverable from the Government of Colombia as at December 31, 2014

6. EQUIPMENT

The carrying amounts of the various categories of equipment were as follows:

As at	December 31, 2014				December 31, 2013		
	Cost	Accumulated depreciation	Impairment	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Office, furniture and fixtures	59,941	49,730	-	10,211	59,098	45,546	13,552
Computer hardware and software	68,185	67,904	-	281	68,185	67,513	672
Mining exploration equipment	79,642	57,937	16,381	5,324	79,642	22,351	57,291
All-terrain vehicles	55,306	55,306	-	-	55,306	55,306	-
Total	263,074	230,877	16,381	15,816	262,231	190,716	71,515

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The following table outlines a reconciliation of the carrying amount of equipment as at December 31, 2014:

	Dec. 31, 2013 opening carrying amount	Additions	Impairment	Depreciation	Dec. 31, 2014 closing carrying amount
Office, furniture and fixtures	13,552	843	-	4,184	10,211
Computer hardware and software	672	-	-	392	280
Mining exploration equipment	57,291	-	16,381	35,585	5,325
All-terrain vehicles	-	-	-	-	-
Total	71,515	843	16,381	40,161	15,816

The following table outlines a reconciliation of the carrying amount of equipment as at December 31, 2013:

	Dec. 31, 2012 opening carrying amount	Additions	Disposals	Depreciation	Dec. 31, 2013 closing carrying amount
Office, furniture and fixtures	7,214	11,414	-	5,076	13,552
Computer hardware and software	-	840	-	168	672
Mining exploration equipment	76,496	-	-	19,205	57,291
All-terrain vehicles	1,225	-	-	1,225	-
Total	84,935	12,254	-	25,674	71,515

Equipment is reviewed at each reporting date to ensure their useful economic lives remain appropriate. In addition, equipment is reviewed at each reporting date for indicators of impairment. Where impairment exists, the asset is written down by the impaired amount. Should this impairment no longer exist, the impairment write-down is reversed up to the net book value which would have existed had the impairment not occurred. As at December 31, 2014, the Company wrote down the net book value of a river barge for the amount \$16,381 that was seized by the Colombian federal customs authorities and it is unlikely that the company will recover it.

7. RELATED PARTY TRANSACTIONS

IAS 24 – Related Party Disclosures requires entities to disclose in their financial statements information about transactions with related parties. Generally, two parties are related to each other if one party controls, or significantly influences the other party. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

a) Related party transactions

Related party transactions include lease payment of \$Nil (2013 -\$42,000) for the year ended December 31, 2014 paid to a company with directors in common. In 2011, the Company entered into new leases for equipment, and is committed to pay \$28,000 on a month to month basis. The leases include a renewal option. The Company also pre-paid \$28,000 for a sample processing to a company with directors in common of which \$Nil was remaining as at December 31, 2014 (2013 - \$10,000).

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Related party balances were as follows:

As at	Dec. 31, 2014	Dec. 31, 2013
Due to related parties		
Amounts due to directors and key management	95,036	2,145
Amounts due to companies with directors in common	126,758	480
Total	221,794	2,625

Included in amounts due to companies with directors in common are promissory notes totaling \$120,000, payable on demand and bearing interest at 5% per annum. Interest of \$5,430 was recorded for the year ended December 31, 2014. The remaining amounts owing to related parties are unsecured with no terms for interest or repayment.

b) Transactions With Key Management Personnel

As at	Dec. 31, 2014	Dec. 31, 2013
Short term employment benefits (salaries, consulting, professional fees, insurance)	115,522	354,762
Share-based compensation	-	18,668
Total	115,522	373,430

Key management personnel include the President/Chief Executive Officer, Chief Financial Officer, Directors and companies directly controlled by key management personnel. Key management personnel were not paid post-employment benefits, termination benefits, or other long term benefits during the years ended December 31, 2014 and 2013. Amounts owing to key management personnel are included in due to related parties.

Share-based compensation for the year ended December 31, 2014 included \$ nil with respect to options granted to key management personnel (2013 - \$16,497) and \$ nil with respect to shares acquired by key management personnel under the employee share purchase plan (2013 - \$2,171).

During the year ended December 31, 2014, a company owned by one of the directors performed drilling services in the amount of \$nil (2013 - \$71,160) and purchased drilling supplies from the Company amount of \$ nil (2013 - \$43,792). The

8. Loan

The Company owes \$120,000 (2013 - \$nil), by way of unsecured Promissory Note due on demand to a company controlled by a common Director (Note 7). The Promissory Note bears interest at 5% per annum. As at December 31, 2014, the accrued interest was \$5,430.

During the year ended December 31, 2014, the Company received several unsecured loans totaling \$15,852 (\$32,617,356 COP) from an employee in Colombia. The loans were interests free and repaid in full in 2015.

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During the year ended December 31, 2014 the Company received advances of \$14,580 (\$30,000,000 COP) from a new director of the company, appointed April 27, 2015. The funds received were intended for the purchase of shares through a private placement but the private placement never took place cancelled. As a result, the advances were reclassified as an interest free loan due on demand.

During the year ended December 31, 2014 the Company received \$22,567 (\$46,434,200 COP) from Tobie Mining & Energy, an unrelated party. The unsecured promissory note is due on demand and does not bear interest.

9. SHARE CAPITAL

a) Authorized: Unlimited number of voting common shares without par value.

b) Outstanding shares:

On February 28, 2013 the Company issued 41,360 shares for cash of \$2,999 and share-based compensation of \$2,171 under its Employee Share Purchase Plan.

On June 17, 2013 the Company issued 4,455,100 units (consisting of one common share and one warrant to purchase a common share) at a price of \$0.25 per unit for proceeds of \$1,113,775. The warrants are exercisable for a period of one year at a price of \$0.50 per share to June 18, 2014.

For the year ended December 31, 2014 there were no shares issued for cash or compensation, nor were there any shares issued as share-based compensation.

c) Warrants

The continuity of share purchase warrants during the years ended December 31 2014 and 2013 was as follows:

As at	Dec.31, 2014	Dec. 31, 2013
Warrants outstanding, beginning of year	28,990,672	24,535,572
Issued	-	4,455,100
Expired	(4,455,100)	-
Warrants outstanding, end of year	24,535,572	28,990,672

Subsequent to year end 24,535,572 warrants expired unexercised.

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The following table summarizes the warrants outstanding and their exercise prices as at December 31, 2014

NUMBER OF WARRANTS	EXERCISE PRICE				EXPIRY DATE
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	
16,448,600	\$ 0.50	\$ 1.00	\$ 1.25	\$ -	April 26, 2015
7,078,606	1.25	1.00	1.25	1.50	April 26, 2016
1,008,366	1.25 USD	1.00 USD	1.25 USD		September 21, 2015
24,535,572					

As of December 31, 2014 the warrants outstanding have a weighted average price of \$1.00 and remaining contractual life of 0.6 years.

d) Stock Options

Stock options granted during the year ended December 31, 2013 are as follows:

- i) On August 16, 2013, the Company granted 100,000 share purchase options to directors, entitling the holders thereof the right to acquire one common share for each option held at a price of \$0.50 per share with an expiry date of April 10, 2022. These share purchase options vest at the grant date. The fair value of the share-based compensation is estimated on the date of issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 2.63%; expected life of 8.5 years; expected volatility of 130%; and expected dividend yield of \$ nil.
- ii) On August 16, 2013, the Company granted 75,000 share purchase options to employees of a contractor, entitling the holders thereof the right to acquire one common share for each option held at a price of \$0.50 per share with an expiry date of August 16, 2023. These share purchase options vest at the grant date. The fair value of the share-based compensation is estimated on the date of issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 2.77%; expected life of 10 years; expected volatility of 130%; and expected dividend yield of \$ nil.
- iii) On December 2, 2013 the Company granted 100,000 share purchase options to a consultant, entitling the consultant the right to acquire one common share for each option held at a price of \$0.50 per share with an expiry date of December 2, 2023. These share purchase options vest at the grant date. The fair value of the share-based compensation is estimated on the date of issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.28%; expected life of 10 years; expected volatility of 129%; and expected dividend yield of \$ nil.
- iv) On December 9, 2013, the Company granted 350,000 share purchase options to a consultant, entitling the consultant the right to acquire one common share for each option held at a price of \$0.50 per share with an expiry date of December 9, 2023. These share purchase options vest at the grant date. The fair value of the share-based compensation is estimated on the date of issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 2.65%; expected life of 3 years; expected volatility of 96%; and expected dividend yield of \$ nil.

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- v) During the year ended December 31, 2013, the Company recorded \$93,871 in share-based compensation for options granted and vesting during the year. The weighted average fair value of options granted during the year was \$0.50.

There were no stock options granted during the year ended December 31, 2014.

The continuity of stock options during the years ended December 31, 2014 and 2013 were as follows:

As at	Dec.31, 2014	Dec. 31, 2013
Options outstanding, beginning of year	6,665,000	6,040,000
Granted		625,000
Expired on Directors' resignation	(2,175,000)	-
Options outstanding, end of year	4,490,000	6,665,000

Subsequent to year end 1,525,000 options expired unexercised due to Directors' resignation.

The following table summarizes the options outstanding and their exercise prices as at December 31, 2014:

NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE
730,000	\$ 0.25	March 18, 2018
2,635,000	0.50	April 10, 2022
100,000	0.50	April 10, 2022
500,000	0.50	May 14, 2022
75,000	0.50	August 16, 2023
100,000	0.50	December 2, 2023
350,000	0.50	December 9, 2023
4,490,000		

As at December 31, 2014, the stock options outstanding have a weighted average price of \$0.46 (2013 - \$0.47) and remaining contractual life of 6.8 years (2013 - 7.8 years).

10. MANAGEMENT OF CAPITAL

The Company manages its capital with the goal to safeguard the Company's ability to continue as a going concern and ensure its ability to further explore and develop its mineral property holdings. The Company includes cash and the components of shareholders' equity in the definition of capital.

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

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development of the business. There were no changes in the Company's approach to capital management in 2014 and the Company is not exposed to externally imposed capital requirements.

11. INCOME TAXES

- a) Income taxes at Canadian statutory rates reconciled to the provision for income taxes is as follows:

As at	Dec. 31, 2014	Dec. 31, 2013
Combined statutory tax rate	26%	26%
Computed tax recovery	\$ (188,000)	\$ (632,000)
Unrecognized items for tax purposes	98,000	25,000
Other	(53,000)	(117,000)
Change in tax benefits not recognized and other	143,000	724,000
	\$ -	\$ -

The Company's deferred income tax assets at December 31 were as follows:

As at	Dec. 31, 2014	Dec. 31, 2013
Capital assets and other	\$ 64,000	\$ 78,000
Share issuance costs	6,000	14,000
Exploration and development deductions	2,378,000	2,286,000
Non-capital losses carried forward	1,779,000	1,706,000
Tax benefits not recognized	(4,227,000)	(4,084,000)
Net deferred income tax assets	\$ -	\$ -

- b) The Company had Canadian non-capital losses carried forward of approximately \$6,842,000 that may be available for tax purposes. The potential tax benefits of these losses have not been recognized as realization is not considered more likely than not.

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The losses expire as follows:

YEAR	AMOUNT
2015	\$ 151,000
2026	209,000
2027	401,000
2028	1,038,000
2029	823,000
2030	968,000
2031	1,304,000
2032	854,000
2033	748,000
2034	346,000
	\$ 6,842,000

The Company has accumulated Canadian resource expenditures of approximately \$9,148,000 available to offset future taxable income. The tax benefit of these amounts is available for carry-forward indefinitely.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost.

Financial assets and liabilities are classified within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 - determined by reference to quoted prices in active markets for identical assets and liabilities;
- Level 2 - determined by using inputs other than the quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - determined using inputs that are not based on observable market data.

As at December 31, 2014, the classification of the financial instruments, as well as their carrying values and fair values, is shown in the table below:

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Financial assets	Level	Fair value through profit and loss	Loans and receivables	Total carrying value	Fair value/amortized cost
Cash	1	\$ 187,820		\$ 187,820	\$ 187,820
Amounts Recievable	2	-	53,856	53,856	53,856
IVA receivable	2	-	144,374	144,374	144,374
Investment	2	-	1	1	1
Financial liabilities					
Accounts payable and accrued liabilities	2	\$ -	\$ 212,928	\$ 212,928	\$ 212,928
Due to related parties	2		96,364	96,364	96,364
Loans	2	-	172,999	172,999	172,999

The Company has classified cash as fair value through profit or loss and amounts receivable and due from related parties as loans and receivables financial assets. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities. The carrying value of the Company's financial assets and liabilities approximate their fair values due to their short-term nature.

13. RISK MANAGEMENT

In the normal course of business, the Company is exposed to a number of risks that can materially affect its operating performance.

a) Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Colombia, and Brazil and as a result, a portion of the Company's expenditures are in Colombian Pesos and Brazilian Reals. The risk from a significant change in the exchange rate of the Canadian dollar relative to the foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. However, management believes that the Company's foreign currency exchange risk is not significant at this time. The Company has not hedged its exposure to currency fluctuations.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and causes the other party to incur a financial loss. The Company's credit risk consists primarily of cash held at the Company's bank accounts.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has sufficient cash to meet its obligations and liquidity risk is therefore considered minimal. The Company manages liquidity risk through the management of its capital resources as outlined in Note 10.

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d) Interest Rates

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because they are generally held to maturity. The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by financial institutions. Interest rate risk is not significant to the Company as it has no cash equivalents at year end. As at December 31, 2014, with other variables unchanged, a 1% change in the variable interest rates would not have had a significant impact on the loss of the Company.

14. SEGMENTED INFORMATION

The Company operates in one industry – the exploration and development of mineral properties, which are located in Canada, Brazil, and Colombia. Total assets and the net loss were segmented geographically as follows:

	December 31, 2014			
	Canada	Brazil	Colombia	Total
Assets	\$ 249,361	5,035	153,910	\$ 408,306
	2013			
	Canada	Brazil	Colombia	Total
Assets	\$ 423,322	5,813	340,481	\$ 769,616
	2014			
	Canada	Brazil	Colombia	Total
Net Loss For The Year	\$ 191,877	94,603	435,812	\$ 722,292
	2013			
	Canada	Brazil	Colombia	Total
Net Loss For The Year	\$ 389,279	603,643	1,461,727	\$ 2,454,649

15. COMPARATIVE NUMBERS

Certain comparative numbers were reclassified to conform with the financial statement presentation adopted for 2014.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Expressed in Canadian Dollars

16. SUBSEQUENT EVENTS

a) Resignation of board and executive positions

On February 23, 2015, Dennis Milburn, Ted Robinson and Christine Aney resigned from their respective board and executive positions with the Company.

b) Appointment of board and executive positions

On March 4, 2015 the Company appointed Robert Collawn and Hector Mario Cuevas to board positions with the Company.

On April 27, 2015, Andy Rendle was appointed acting Chief Financial Officer, Chief Executive Officer, and Corporate Secretary of the Company. Messrs. Collawn and Cuevas were appointed temporarily as independent directors of the board in order to comply with TSX regulations.

On July 5, 2015, Mr. Collawn was appointed Chief Executive Officer and Mr. Cuevas was appointed Chief Financial Officer. Mr. Rendle was appointed as to the position of Chief Operating Officer.

c) Move to the NEX board

On August 3, 2015, the Company submitted a request to move to the NEX board within the TSX Venture Exchange.