KOBO Resources Inc.

Consolidated financial statements

Years Ended December 31, 2022 and 2021

(in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of KOBO Resources Inc.

Opinion

We have audited the consolidated financial statements of KOBO Resources Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, 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 consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 Group 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group has a deficit of $7,650,435 as at December 31, 2022, the Group's current liabilities exceeded its total assets by $695,983. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of Share-based Compensation

Share-based compensation is being identified as a key audit matter as it is a significant area of the entity's financial statements and as a result of the estimation uncertainty related to some of the inputs in the Black-Scholes valuation model.

The Group's accounting policy on evaluation of share-based compensation is disclosed in Note 3 to the consolidated financial statements.

How the key audit matter was addressed in the audit:

- Assessing management's estimates of compensation expense for new share-based payments in the period.
- Assessing management's estimates of compensation expense related to modifications of previously issued share-based payments.
- Reviewing the adequacy of the disclosures in the financial statements, including disclosures related to significant judgments and estimates.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report, and
- The information included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 the 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.

Independent Auditor's Report

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 IFRSs, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Independent Auditor's Report

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

BDO Canada s.r.l./S.E.N.C.R.L./LLP [1]

Montréal, Québec
May 1, 2023

[1] CPA auditor, public accountancy permit No. A122867

KOBO Resources Inc.

Consolidated statements of financial position

(All amounts are in Canadian dollars unless otherwise indicated)

	As at December 31, 2022 $	2021 $
Assets		
Current		
Cash	260,284	506,915
Commodity taxes receivable	23,015	39,691
Deferred expenses at cost (note 9)	-	86,360
	283,299	632,966
Security deposits	5,107	5,107
Property, plant and equipment (note 5)	16,980	81,027
Mining assets (note 6)	2,237	2,237
	307,623	721,337
Liabilities		
Current		
Accounts payable	979,282	619,952
Advances from a director and a consultant bearing no interest, repayable on demand	-	1,219
	979,282	621,171
Long-term debt (note 7)	44,469	38,350
Deferred government grant income (note 7)	15,531	21,650
	1,039,282	681,171
Shareholders' equity (deficiency)		
Share capital (note 9)	6,271,465	5,748,715
Stock options (note 9)	647,311	483,638
Deficit	(7,650,435)	(6,192,187)
	(731,659)	40,166
	307,623	721,337

Nature of operations and going concern (note 1)
Subsequent events (note 16)

Approved by the Board

(s) Edouard Gosselin, Director

(s) Paul Sarjeant, Director

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

KOBO Resources Inc.

Consolidated statements of changes in shareholders'equity (deficiency)

Years ended December 31, 2022 and 2021

(All amounts are in Canadian dollars unless otherwise indicated)

	Number of shares	Share capital	Stock options	Deficit	Total
		$	$	$	$
Balance as at January 1, 2021	42,417,775	3,364,140	1,375,392	(4,725,605)	13,927
Net loss and comprehensive loss	-	-	-	(1,466,582)	(1,466,582)
Shares issued (note 9)	3,056,002	916,801	-	-	916,801
Warrants exercised (note 9)	722,222	194,444	-	-	194,444
Options exercised (note 9)	8,000,000	1,273,330	(1,113,330)	-	160,000
Share-based compensation (note 9)	-	-	221,576	-	221,576
Balance as at December 31, 2021	54,195,999	5,748,715	483,638	(6,192,187)	40,166
Net loss and comprehensive loss	-	-	-	(1,451,529)	(1,451,529)
Shares issued (note 9)	2,613,750	522,750	-	-	522,750
Share issue costs (note 9)	-	-	-	(6,719)	(6,719)
Share-based compensation (note 9)	-	-	163,673	-	163,673
Balance as at December 31, 2022	56,809,749	6,271,465	647,311	(7,650,435)	(731,659)

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

KOBO Resources Inc.

Consolidated statements of loss and comprehensive loss

Years ended December 31, 2022 and 2021

(All amounts are in Canadian dollars unless otherwise indicated)

	2022 $	2021 $
Expenses		
Share-based compensation (note 9)	163,673	221,576
Management fees (note 15)	266,376	244,022
Professional fees	373,182	484,518
Write-off of deferred expenses (note 9)	215,349	-
Office and travelling expenses	114,246	39,149
Exploration expenses	276,958	449,782
Foreign exchange gain	(307)	(958)
Depreciation of property, plant and equipment	23,888	23,371
Interest on long-term debt	6,119	4,899
Amortization of deferred government grant income	(6,119)	(4,899)
Bank charges	2,809	5,122
Gain on sale of property, plant and equipment	(2,341)	-
Sundry taxes	17,696	-
Net loss and comprehensive loss for the year	1,451,529	1,466,582
Basic and diluted net loss per share (note 11)	0.027	0.030

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

KOBO Resources Inc.

Consolidated statements of cash flows

Years ended December 31, 2022 and 2021

(All amounts are in Canadian dollars unless otherwise indicated)

	2022 $	2021 $
Cash flow from the following activities		
Operating activities		
Net loss and comprehensive loss for the year	(1,451,529)	(1,466,582)
Adjustments for:		
Share-based compensation	163,673	221,576
Write-off of deferred expenses	215,349	-
Depreciation of property, plant and equipment	23,888	23,371
Interest on long-term debt	6,119	4,899
Amortization of deferred government grant income	(6,119)	(4,899)
Gain on sale of property, plant and equipment	(2,341)	-
	(1,050,960)	(1,221,635)
Changes in non –cash working capital items		
Commodity taxes receivable	16,676	(19,821)
Advances to a director	-	3,122
Accounts payable	359,330	375,027
Advances from a director and a consultant	(1,219)	(378)
	374,787	357,950
Net cash used in operating activities	(676,173)	(863,685)
Investing activities		
Security deposits	-	(1,433)
Purchase of property, plant and equipment	-	(56,490)
Proceed from sale of property, plant and equipment	42,500	-
Net cash generated from (used in) investing activities	42,500	(57,923)
Financing activities		
Deferred expenses	(128,989)	(76,360)
Long-term debt	-	20,000
Issuance of shares	522,750	1,255,245
Share issue costs	(6,719)	-
Net cash generated from financing activities	387,042	1,198,885
Increase (decrease) in cash	(246,631)	277,277
Cash at the beginning of year	506,915	229,638
Cash at the end of year	260,284	506,915
Transactions not affecting cash		
Subscription receivable	-	(20,000)
Accounts payable to directors converted in shares (note 9)	-	36,000

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

1 Nature of operations and going concern

Nature of operations

KOBO Resources Inc. (the Company) is a junior Canadian exploration and mining development company incorporated under Quebec laws on December 14, 2015, and focused on acquiring mineral gold property assets located in West Africa and more particularly in Côte d'Ivoire.

KOBO Resources Inc., through its wholly owned subsidiary KOBO Ressources Côte d'Ivoire (KOBO C.I.) obtained in 2019 two (2) research permits (note 4) and is in the process of obtaining three (3) additional pending research permits, which when granted will increase the territory of 1,068 Km^2 in Côte d'Ivoire.

The head office is 388, Grande-Allée East, Suite 101, Québec (Québec), Canada G1R 2J4.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (IFRS) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

As at December 31, 2022, the Company has a deficit of $7,650,435. In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs, for mining development and pay general and administration costs. As at December 31, 2022, the Company had a negative working capital of $695,983 and management estimated that cash flows would not be sufficient to allow the Company to continue its operations.

As long as the Company is not in commercial operation, the continuation of its activities will depend on its ability to raise additional financing through the issuance of equity instruments. There can be no assurance it will be able to do so in the future and that such sources of funding or initiatives will be available to the Company or that they will be available on terms acceptable to the Company. If management is unable to obtain new funding, there is a material uncertainty that lend a significant doubt about the Company's ability to continue as a going concern and amounts realized for assets might be less than amounts reflected in these consolidated financial statements. The Company has not yet determined the existence of economically recoverable ore reserves.

2 Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS and were approved by the Board of Directors on April 30, 2023.

3 Significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary located in Côte d’Ivoire. The Company has 100% ownership in the subsidiary Kobo C.I. All intercompany transactions and balances are eliminated. A subsidiary is an investment controlled by the Company. Control exists when the Company has the existing rights giving the current ability to direct the activities that significantly affect the entities’ returns. The Company reassesses control on an ongoing basis.

Presentation and functional currency

The Canadian dollar is the presentation currency. The Company’s functional currency is the Canadian dollar for the Company and its subsidiary.

Foreign currency translation

Transactions denominated in currencies other than the functional currency are translated into the relevant functional currency as follows: monetary assets and liabilities are translated at the exchange rate in effect on the date of the statement of financial position and expenses are translated at the exchange rate in effect on the date of the transaction. Non-monetary assets and liabilities measured at historical cost and denominated in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange gains and losses arising from such translation are recorded in profit or loss.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets at amortized cost are recognized initially at the amount expected to be received or less, when material, a discount to reduce financial assets at amortized cost to fair value. Subsequently, they are measured at amortized cost using the effective interest method less a provision for expected credit loss. Financial assets at amortized cost are included in current assets, except for those with maturities greater than twelve months after the end of the reporting period, which are classified as non-current assets. The Company's financial assets at amortized cost include cash.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable and long-term debt. Financial liabilities are initially recognized at the amount required to be paid or less, when material, a discount to reduce the payables to fair value. Subsequently, they are measured at amortized cost using the effective interest method. They are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Impairment

The company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Cash

Cash consists of cash on hand, balances with banks and cash in trust.

Deferred expenses

Deferred expenses consist of professional fees related to completion of an initial public offering. These amounts were expensed in 2022 (note 9).

Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method over the useful life of three years for vehicles and exploration equipment and four years for the office equipment. The land is not depreciated.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed each reporting period, and adjusted prospectively if appropriate.

Mining properties and exploration costs

Mining properties correspond to acquired interests in mining research permits, which include the rights to explore for mine, extract and sell all minerals from such permits. The mining properties will be amortized over the estimated useful life of the mining assets following commencement of production or written off if the mining properties are sold or allowed to lapse. All pre-exploration and exploration costs are expensed as incurred.

Income tax and deferred taxes

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated statement of loss, except if it concerns items recognized directly in equity. In this case, the related tax is also recognized directly in equity.

The Company provides for deferred income taxes using the liability method. Under this method, deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities, using enacted or substantively enacted income tax rates that are expected to be in effect for the years in which the assets are expected to be recovered or the liabilities to be settled. A deferred tax asset is only recognized in the event that it is probable that future taxable profits, against which the asset can be utilized, will be available.

Deferred tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, stock options and warrants are recognized as an increase to deficit, net of any tax effects.

Share-based compensation

Warrants

The Company grants warrants to certain directors. The board offers such warrants for periods up to five years, the warrants are vested immediately at prices determined by the Board of Directors. The fair value is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense with offset to warrants in equity.

The Company also issued units comprised of shares and warrants. The total proceeds have been allocated to share capital.

Stock options

The Company grants stock options to certain directors, agents and consultants of the Company or subsidiary of the Company. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. For stock options granted to employees, the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period, based on the number of awards expected to vest, by increasing stock options. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Earnings or loss per share

Basic earnings or loss per share are calculated using the weighted average number of common shares outstanding during the year.

Diluted earnings or loss per share is calculated using the weighted average number of common shares outstanding during the year, plus the effects of dilutive potential common shares outstanding during the year. The treasury stock method is used to determine the dilutive effect of the stock options and warrants.

Under this method, the calculation of diluted earnings per share is made, as if all dilutive potential shares had been issued at the later of the beginning of the year or the date of issuance, as the case may be, and as if the funds obtained thereby had been used to purchase common shares of the Company at the average market value of the common shares during the period.

For the years ended December 31, 2022 and 2021, diluted loss per share calculation excludes potentially dilutive common shares related to outstanding options and warrants as their effect was anti-dilutive.

Government assistance

As a result of COVID-19, Government of Canada introduced various support programs in response to this global pandemic. Government grant in the form of forgivable loan is recognized when the Company is reasonably assured that it will meet the terms for a portion of the loan to be forgiven. Government assistance calculated as the difference between the market interest rate and the rate charged on the government loan is recognized as deferred government grant income and will be charged to the consolidated statement of loss over the expected life of the loan using effective interest rate method.

In assessing whether there is reasonable assurance that the Company will meet the terms of the loan for a portion of it to be forgiven, the Company estimated its cash flows for 2023 and determined that there is not reasonable assurance that it will meet the terms of the loan as set out in note 7 for it to be forgiven.

Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

The Company had no provision as at December 31, 2022 and 2021.

New Standards, Interpretation and Amendments

New standards impacting the Company that have been adopted January 1, 2022, but have not had a significant effect on the Company are as follows:

Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the entity has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling the contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such samples, together with the costs of producing them, are now recognized in profit or loss.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

- IFRS 1: Subsidiary as First-time Adopter
- IFRS 9: Fees in the “10 per cent” test for Derecognition of Financial Liabilities
- IAS 41: Taxation in Fair Value Measurements

References to the Conceptual Framework (Amendments to IFRS 3).

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework of Financial Reporting without changing the accounting requirements for business combinations.

Future changes to accounting standards

The IASB has issued the following amendments to accounting standards that will become effective for the annual period beginning on January 1, 2023:

- Amendments to IAS 1, Presentation of financial statements – Disclosure of accounting policies, to require entities to disclose material accounting policies information rather than accounting policies;
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors, to clarify the definition of the terms “accounting policy” and “accounting estimate”;

- Amendments to IAS 12, Income Taxes – Deferred income taxes related to assets and liabilities arising from a single transaction, to restrict the scope of the exemption related to the recognition of deferred income taxes.

The Company is currently evaluating the impact of these standards on its consolidated financial statements.

4 Critical accounting estimates, assumptions and judgements

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 determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future.

Fair value of stock options

The Company makes certain estimates and assumptions when calculating the fair value of stock options. The significant assumptions used include estimates of expected volatility, expected life and expected risk-free rate interest of return. Any change in these estimates or inputs used to determine fair value could result in a significant impact of the Company's future operating results, or other equity components.

(All amounts are in Canadian dollars unless otherwise indicated)

5 Property, plant and equipment

	Vehicles	Office equipment	Exploration equipment	Land	Total
	$	$	$	$	$
Cost					
Balance as at January 1, 2021	68,883	7,133	4,679	-	80,695
Assets acquired	47,840	-	650	8,000	56,490
Balance as at December 31,2021	116,723	7,133	5,329	8,000	137,185
Disposal	(40,159)	-	-	-	(40,159)
Balance as at December 31, 2022	76,564	7,133	5,329	8,000	97,026

	Vehicles	Office equipment	Exploration equipment	Land	Total
	$	$	$	$	$
Accumulated depreciation					
Balance as at January 1, 2021	28,272	3,782	733	-	32,787
Depreciation of the year	19,931	1,780	1,660	-	23,371
Balance as at December 31, 2021	48,203	5,562	2,393	-	56,158
Depreciation of the year	21,492	600	1,796	-	23,888
Balance as at December 31, 2022	69,695	6,162	4,189	-	80,046

	Vehicles	Office equipment	Exploration equipment	Land	Total
	$	$	$	$	$
Net amount as at December 31, 2021	68,520	1,571	2,936	8,000	81,027
Net amount as at December 31, 2022	6,869	971	1,140	8,000	16,980

(All amounts are in Canadian dollars unless otherwise indicated)

6 Mining assets

	Kossou	Kotobi
	$	$
Research permits		
Balance as at December 31, 2022 and 2021	2,237	-

On April 24, 2019 a research permit (Kotobi license formerly known as Bongouanou permit) was awarded to KOBO C.I. and is located within the Birimian Dimbokro-Abengourou Belt, Boaulé-Mossi domain. It is located in the administrative departments of Arrah, Bongouanou and Daoukro covering 301.75 km^2. The permit is issued for four (4) years and is renewable for two (2) consecutive three (3) years term with an additional possible two (2) years term.

The Company must incur a total of 500,000,000 CFA ($1,102,000) in exploration activities for the four (4) years of the permit. This total amount is expensed over the first three (3) years in the amount of 100,000,000 CFA ($220,000) annually and 200,000,000 CFA ($440,000) in the fourth (4th) year, subject to currency exchange rate fluctuations. As at December 31, 2022, the Company spent a cumulative amount of 83,061,740 CFA ($183,145) in exploration activities.
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On November 6, 2019 a research permit (Kossou license) was awarded to KOBO C.I. and is located in the department of Kossou, Yamoussoukro and Bouaflé regions, approximately 22 km northwest of the capital city of Yamoussoukro covering 147.365 km^2. The permit is issued for four (4) years and is renewable for two (2) consecutive three (3) years term with an additional possible two (2) years term.

The Company must incur a total of 550,000,000 CFA ($1,213,000) in exploration activities for the four (4) years of the permit. This total amount is expensed over the first three (3) years in the amount of 110,000,000 CFA ($243,000) annually and 220,000,000 CFA ($486,000) in the fourth (4th) year, subject to currency exchange rate fluctuations. As at December 31, 2022, the Company spent a cumulative amount of 458,136,327 CFA ($1,010,157) in exploration activities.

In the case of non-realization of the projected exploration activities in the first two (2) years the Company may receive a notification form the Ministry of Mines. In such case, a global control of the exploration activities is performed by the Ministry of Mines administration at the end of the third (3rd) year.

(All amounts are in Canadian dollars unless otherwise indicated)

7 Long-term debt and deferred government grant income

	As at December 31,	
	2022	**2021**
	$	$
CEBA loan payable, unsecured, interest and repayment terms as noted below	60,000	60,000
Unamortized portion of deferred government grant income	(15,531)	(21,650)
Net loan	44,469	38, 350

Canada Emergency Business Account (CEBA) guaranteed by the Federal Government, interest-free and no capital instalment until December 31, 2023. The reimbursement of $40,000 of the loan at the latest December 31, 2023 will provide the Company with $20,000 write-off of the loan. Otherwise from January 1, 2024, the loan will be reimbursable over twenty-four (24) months principal and interest or only interest at 5% will be payable until the full repayment due on December 31, 2025. As the Company is not reasonably assured that it will have sufficient liquidity to repay the amount of $40,000 by December 31, 2023, the below market rate interests has been deferred as government assistance over the expected term of the loan and the full carrying amount of the loan has been classified as non-current.

8 Segmented information

a) Operating segments – The Company's operations are directed towards the acquisition, exploration and pre-production of gold in Côte d'Ivoire. As a result, the Company is organized as a single sector.

(All amounts are in Canadian dollars unless otherwise indicated)

b) Geographic segments

The Company's assets by geographic areas are as follows:

As at December 31, 2022

	Côte d'ivoire	**Canada Corporate Management**	**Total**
	$	**$**	**$**
Cash	14,406	245,878	260,284
Property, plant and equipment	16,009	971	16,980
Mining assets	2,237	-	2,237
Other assets	5,107	23,015	28,122
	37,759	269,864	307,623

As at December 31, 2021

	Côte d'ivoire	**Canada Corporate Management**	**Total**
	$	**$**	**$**
Cash	17,645	489,270	506,915
Property, plant and equipment	79,456	1,571	81,027
Mining assets	2,237	-	2,237
Other assets	5,107	126,051	131,158
	104,445	616,892	721,337

(All amounts are in Canadian dollars unless otherwise indicated)

The Company's expenses by geographic areas are as follows:

	Years ended December 31,					
	2022			**2021**		
	Côte d'Ivoire	**Canada Corporate Management**	**Total**	**Côte d'Ivoire**	**Canada Corporate Management**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Share-based compensation	-	163,673	163,673	-	221,576	221,576
Management fees	-	266,376	266,376	-	244,022	244,022
Professional fees	34,228	338,954	373,182	34,230	450,288	484,518
Write-off of deferred expenses	-	215,349	215,349	-	-	-
Exploration expenses	216,680	60,278	276,958	449,782	-	449,782
Other expenses	43,512	112,479	155,991	27,303	39,381	66,684
	294,420	1,157,109	1,451,529	511,315	955,267	1,466,582

(All amounts are in Canadian dollars unless otherwise indicated)

9 Share capital

I. The authorized and issued share capital of the Company has been amended on September 19, 2022 as follows:

a) The authorized share capital of the Company is increased by the creation of one (1) new class of shares, being the preferred shares ("Preferred Shares").

b) The designation of the Class A shares are changed to common shares ("Common Shares").

c) The authorized share capital of the Company is decreased by the cancellation of the Class AA Shares, the Class B Shares, the Class C and the Class D Shares authorized but unissued.

II. The authorized share capital of the Company is summarized as follows:

- Unlimited number of Common Shares, bearing one voting right per share, participating, without par value;
- Unlimited number of Preferred Shares, non-voting, without par value, issuable in series. The determination of Rights, Privileges, Restrictions, Conditions and Limitations may be fixed before issuance by resolutions of directors. As at December 31, 2022, there were no Preferred Shares issued and outstanding.

Issued Common Shares varied as follows:

	Years ended December 31,			
	2022		**2021**	
	Number	**$**	**Number**	**$**
Balance at the beginning	54,195,999	5,748,715	42,417,775	3,364,140
Private placements	2,613,750	522,750	2,936,002	880,801
Issuance to repay accounts payable to directors	-	-	120,000	36,000
Exercise of options	-	-	8,000,000	1,273,330
Exercise of warrants	-	-	722,222	194,444
Balance at the end	56,809,749	6,271,465	54,195,999	5,748,715

Years ended December 31, 2022 and 2021

On December 30, 2022, the Company issued 2,613,750 Common Shares at a price of $0.20 each for a cash consideration of $522,750. The Company incurred issue costs of $6,719.

On March 30, 2022, the Company filed a final prospectus and on May 27, 2022 an amended restated final prospectus, with the intention to proceed with an initial public offering. As a result of market conditions, the Company elected not to proceed with its contemplated initial public offering. Previous capitalized costs in the amount of $215,349 related to the share issuance were expensed.

From January 1st, 2021 to December 31, 2021, the Company issued 2,936,002 Common Shares at a price of $0.30 each for a cash consideration of $880,801.

On March 31, 2021, the Company issued 120,000 Common Shares at a price of $0.30 each to repay accounts payable to directors for an amount of $36,000.

On June 30, 2021, the Company issued 500,000 Common Shares upon the exercise of 500,000 warrants at a price of 0.30$ each for a cash consideration of $150,000.

On June 30, 2021, the Company issued 8,000,000 Common Shares upon the exercise of stock options at a price of 0.02$ each for a cash consideration of $160,000. The value of options that was reclassified into share capital was $1,113,330.

On October 7, 2021, the Company issued 222,222 Common Shares upon the exercise of 222,222 warrants at a price of $0.20 each for a cash consideration of $44,444.

Stock option plan

On February 9, 2016 the Company's shareholders approved and adopted a stock option plan. Pursuant to the stock option plan, the Company may award options to directors, officers, employees and consultants of the Company or subsidiaries of the Company.

The maximum number of Common Shares of the Company issuable under the plan is 40% of issued and outstanding shares. The maximum number of Common Shares which may be reserved for issuance to any one optionee within a one-year period, may not exceed 40% of Common Shares issued and outstanding at the date of grant on a fully diluted basis. The stock options granted to consultants may not exceed 10% of issued and outstanding Common Shares. Upon issuance of the options, the Board of Directors determines the expiry date and exercise price of options. The term cannot exceed five years from the grant date unless the Board of Directors provides otherwise and the exercise price should not be lower than the market price. Options granted will vest over a period of 24 months, at a rate of 25% in any six-month period.

The stock options granted by the Company are payable in equity instruments of the Company.

(All amounts are in Canadian dollars unless otherwise indicated)

The stock options varied as follows:

	Years ended December 31, 2022			
	2022		**2021**	
	Number	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
Outstanding at the beginning	2,750,000	$0.189	9,500,000	$0.045
Granted	400,000	$0.200	1,250,000	$0.200
Exercised	-	-	(8,000,000)	$0.020
Outstanding at the end	3,150,000	$0.190	2,750,000	$0.189
Exercisable	2,837,500	$0.189	1,587,500	$0.181

For the year ended December 31, 2022 an amount of $163,673 ($221,576 in 2021) is included as share-based compensation expense.

In January 2021, the Company granted conditionally 400 000 stock options to directors at an exercise price of $0.20 each. The conditions have been met on November 1st, 2022.

The total fair value was estimated on the grant using the Black-Scholes option pricing model with the following average assumptions:

	2022
Risk-free interest rate	2.55%
Share price	$0.20
Expected share price volatility (*)	110%
Expected dividend yield	-
Expected life of options	5 years

(*) Expected share price volatility was calculated using a blended rate of junior mining exploration companies.

(All amounts are in Canadian dollars unless otherwise indicated)

The following table summarizes certain information of the Company's stock options:

	Outstanding options as at December 31, 2022		Exercisable options as at December 31, 2022	
		Weighted average remaining contractual life		Weighted average remaining contractual life
Exercise price	Number	Years	Number	Years
$0.200	400,000	4.83	400,000	4.83
$0.200	900,000	2.08	900,000	2.08
$0.200	1,250,000	3.00	937,500	3.00
$0.150	600,000	1.90	600,000	1.90
	3,150,000		2,837,500	

On November 1st , 2022, the Board of Directors has approved the modification of the term of 600,000 options granted on December 1, 2017. From November 1, 2022, the term is seven years from the grant date instead of five years. The impact of this modification increased the share-based compensation of $48,600.

	Outstanding options as at December 31, 2021		Exercisable options as at December 31, 2021	
		Weighted average remaining contractual life		Weighted average remaining contractual life
Exercise price	Number	Years	Number	Years
$0.200	900,000	3.08	675,000	3.08
$0.200	1,250,000	4.00	312,500	4.00
$0.150	600,000	0.90	600,000	0.90
	2,750,000		1,587,500	

(All amounts are in Canadian dollars unless otherwise indicated)

Warrants

The warrants that were granted varied as follows:

	Years ended December 31,			
	2022		2021	
	Number	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
Outstanding and exercisable at the beginning	4,250,034	$0.300	4,972,256	$0.295
Exercised	-	-	(722,222)	$0.269
Outstanding and exercisable at the end	4,250,034	$0.300	4,250,034	$0.300

The following table summarizes about the Company's warrants:

As at December 31, 2022			As at December 31, 2021		
Number	**Exercise price**	**Remaining life Years**	**Number**	**Exercise price**	**Remaining life Years**
4,250,034	$0.300	0.66	4,250,034	$0.300	1.66

10 Income taxes

Income taxes

The following table presents a reconciliation of the income tax expense at the tax rates stipulated by the Canadian law (federal and provincial) (Quebec) of 26.5% and the tax expense actually recognized in the statement of loss.

	Years ended December 31,	
	2022	**2021**
	$	**$**
Income taxes recoverable at statutory rates	(384,655)	(388,644)
Non-deductible items:		
Share-based compensation	43,374	58,717
Other	7,718	2,783
Unrecognized tax benefit for the year	333,563	327,144
Total tax expense for the year	-	-

(All amounts are in Canadian dollars unless otherwise indicated)

Unrecognized tax benefit

Deferred income tax assets are recognized to the extent that the realization of tax benefit through future taxable profits is probable. Given the Company's past losses, management does not believe that is more probable than not that the Company can realize the deferred tax assets and therefore, it has not recognized any amount in the statement of financial position. The Company did not recognize any deferred tax assets.

As at December 31, 2022, the Company has accumulated, for tax purposes, non-capital losses totalling $3,087,000 at the federal and provincial (Quebec) levels that can be used to reduce future taxable income. These losses are detailed as follows:

Expiry date	**$**
2035	39,000
2036	412,000
2037	419,000
2038	398,000
2039	269,000
2040	299,000
2041	383,000
2042	868,000
	3,087,000

As at December 31, 2022 the subsidiary has available tax losses for Ivory Coast income tax purposes of 600,194,000 CFA ($1,323,400) which may be carried forward to reduce taxable income. The losses are detailed as follows:

Expiry date	**CFA**
2023	16,744,000
2024	15,158,000
2025	167,700,000
2026	259,348,000
2027	141,244,000
	600,194,000

(All amounts are in Canadian dollars unless otherwise indicated)

11 Basic and diluted net loss per share

	Years ended December 31, 2022	2021
Net loss and comprehensive loss	$1,451,529	$1,466,582
Basic weighted average number of Common Shares outstanding	54,210,321	48,975.483

For the years ended December 31, 2022 and 2021 options and warrants are excluded in the basic and diluted net loss per share calculation because they were considered anti-dilutive for these years.

12 Contingency

Environmental protection

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, their impact and their duration are difficult to determine. At the present time and to the best knowledge of management, the Company is in conformity with these laws and regulations. Restoration costs will be accrued in the financial statements only when it can be determined that a present obligation exists, resulting from the environmental consequences of the exploration activities performed on the lands, and when it can be reliably estimated. Such obligation will be capitalized to the cost of the related assets at that time.

13 Capital management

The Company's capital management objective is to have sufficient capital to be able to pursue its exploration activities plan in order to ensure the growth of its assets. It has also the objective to have sufficient liquidity to finance the exploration expenses, the investing activities and its working capital requirements. No changes were made to the objectives and policies during the year ended December 31, 2022.

As at December 31, 2022, the Company shows a shareholders' deficiency amounting to $731,659 (December 31, 2021 shareholders' equity of $40,166).

(All amounts are in Canadian dollars unless otherwise indicated)

In order to maintain or adjust the capital structure, the Company may issue new capital instruments and acquire or sell mining properties to improve its financial performance and flexibility.

The access to financing depends on the economic situation and state of the equity and credit markets.

14 Financial instruments

Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of loss or in the consolidated statement of comprehensive loss. These categories are financial assets and financial liabilities at amortized cost.

The following table shows the carrying amounts of assets and liabilities for each of these categories:

	As at December 31,	
	2022	**2021**
	$	**$**
Financial assets at amortized cost		
Cash	260,284	506,915
Financial liabilities at amortized cost		
Accounts payable	930,795	589,269
Advances from a director and a consultant	-	1,219
Long-term debt	44,469	38,350
	975,264	628,838

There are no financial instruments measured at fair value.

Financial risk factors

Due to the nature of its activities, the Company is exposed to financial risks: market risk, credit risk and liquidity risk. No significant changes occurred during the year ended December 31, 2022 compared to 2021 concerning financial risks factors.

a) Market risk

i) Fair value

The Company considers that the carrying amount of all its financial liabilities at amortized cost in its consolidated financial statements approximates their fair value. Current financial assets and liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities; this includes cash and accounts payable. Long-term debt approximates carrying amount due to market interest rate.

ii) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the CFA francs and US dollars.

The Company holds balances in cash, security deposits and accounts payable in the CFA francs and also cash and accounts payable in US dollars. Accordingly, the Company is exposed to foreign exchange risk due to exchange rate fluctuations. The Company does not use any derivatives to mitigate its exposure to foreign exchange risk.

CFA franc balances in Canadian dollars are as follows:

	As at December 31,	
	2022	**2021**
	$	**S**
Cash	14,406	17,645
Security deposits	5,107	5,107
Accounts payable	(73,883)	(108,768)
Net balance in Canadian dollars	(54,370)	(86,016)
Net balance in CFA francs	(24,632,577)	(39,437,476)

US dollars balances in Canadian dollars are as follows:

	As at December 31, 2022	2021
	$	$
Cash	47,740	-
Accounts payable	(47,750)	-
Net balance in Canadian dollars	(10)	-
Net balance in US dollars	(7)	-

Assuming that all other variables are constant, a 5% weakening or strengthening of dollar exchange rate would generate an immaterial impact on the net loss of the Company during the year ended December 31, 2022.

b) Credit risk:

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash from deposits with banks and the carrying amount of this financial asset represents the Company's maximum exposure to credit risk as at the date of the financial statements. The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they fall due.

The Company manages liquidity risk through the management of its capital structure as outlined in note 13. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at December 31, 2022, all of the Company's financial liabilities had contractual maturities of less than one year except for the long-term debt and the Company did not have enough cash available to meet its financial liabilities.

(All amounts are in Canadian dollars unless otherwise indicated)

The contractual maturities of financial liabilities as at December 31, 2022, are as follows:

	Carrying amount	**Contractual amount**	**Less than one year**	**Between one and two years**	**Between two and five years**
	$	**$**	**$**	**$**	**$**
Accounts payable	930,795	930,795	930,795	-	-
Long-term debt	44,469	60,000	-	60,000	-

The contractual maturities of financial liabilities as at December 31, 2021 are as follows:

	Carrying amount	**Contractual amount**	**Less than one year**	**Between one and two years**	**Between two and five years**
	$	**$**	**$**	**$**	**$**
Accounts payable	589,269	589,269	589,269	-	-
Advances from a director and a consultant	1,219	1,219	1,219	-	-
Long-term debt	38,350	60,000	-	-	60,000

15 Related party transactions

These transactions occurred in the normal course of operations and are measured on terms equivalent to those that prevail in arm's length transactions.

The table below summarizes, for the respective periods, the total amount paid to directors and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company or companies controlled by them:

	Years ended December 31,	
	2022	**2021**
	$	**$**
Compensation of key management (1)		
Share-based compensation	163,673	221,576
Management fees	266,376	244,022
	430,049	465,598

(1) As at December 31, 2022 an amount of $8,986 (nil as at December 31, 2021) is included in accounts payable regarding compensation of key management.

16 Subsequent events

a) *Concurrent private placement and reverse takeover (RTO)*

In connection with the RTO, Kobo and Meteorite Capital Inc. (Meteorite) completed on February 24, 2023, a concurrent financing for aggregate gross proceeds of $4,676,400, consisting of: (i) the issuance of 13,736,400 Kobo Subscription Receipts and 4,969,200 Meteorite Subscription Receipts at a price of $0.25 per Subscription Receipt. Each Subscription Receipt is convertible for no additional consideration into one share and one-half of one warrant at an exercise price of $0.40 for each full warrant, for a twenty-four months period from the date of the closing of the Transaction. As part consideration of their services, the Agent (Broker) received a cash consideration of $246,000 and 721,312 Agent Unit Warrants entitling the holder to purchase 721,312 units at a price of $0.25 per unit. Each unit entitles the holder to purchase one Common Share at a price of $0.25 per share and one-half of a one Resulting Issuer Share warrant at an exercise price of $0.40 for each full warrant, for a twenty-four months period from the date of the closing of the Transaction. Legal, accounting and other direct costs related to the Transaction and financing amount to $275,000.

On March 29, 2023, Kobo completed its previously announced business combination with Meteorite involving an amalgamation of Kobo changing its name to “Boko Resources Inc.”(Boko) and 9454-2123 Québec Inc. (Meteorite Subco). The business combination resulted in, among other things, (i) RTO of Meteorite by the former securityholders of Kobo, (ii) Meteorite changing its name to “Kobo Resources Inc.” (the **“Resulting Issuer”),** (iii) Boko becoming a wholly-owned subsidiary of the resulting Issuer, and (iv) the listing of the Resulting Issuer’s common shares (the Resulting Issuer Common Shares”) on the TSX Venture Exchange (the “**TSX-V**”). The Resulting Issuer Common Shares began trading at the opening of the market on March 31, 2023 under the symbol “KRI”.

b) *Stock options*

On March 1st, 2023, the Company granted 250,000 options to a consultant at an exercise price of $0.20 each.