

KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended December 31, 2023

EXPRESSED IN CANADIAN DOLLARS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of KO Gold Inc., (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor, Jones & O’Connell LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity’s auditor.

KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited, expressed in Canadian dollars)

As at	December 31 2023	March 31 2023
ASSETS		
Current		
Cash	\$ 169,402	\$ 511,240
Sales tax receivable	24,366	28,436
Prepaid expenses and deposits	30,968	16,368
	\$ 224,736	\$ 556,044
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 202,970	\$ 143,263
Loans payable (notes 8, 13)	60,000	-
	262,970	143,263
EQUITY (DEFICIT)		
Share capital (note 9)	3,084,726	2,149,836
Warrants (note 10)	150	5,900
Contributed surplus	41,037	35,287
Deficit	(3,163,365)	(1,779,032)
Accumulated other comprehensive income (loss)	(782)	790
	(38,234)	412,781
	\$ 224,736	\$ 556,044

Nature of operations and going concern (note 1)

Subsequent events (note 16)

See accompanying notes.

KO GOLD INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS***(unaudited, expressed in Canadian dollars)*

	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
Expenses				
Corporate and administrative (notes 11, 13)	\$ 156,030	\$ 25,522	\$ 269,772	\$ 97,214
Exploration and evaluation (notes 12, 13)	998,383	55,809	1,114,540	211,807
	(1,154,413)	(81,331)	(1,384,312)	(309,021)
Other income and expenses				
Foreign exchange loss	(21)	-	(21)	-
Interest income	-	109	-	109
Net loss	(1,154,434)	(81,222)	(1,384,333)	(308,912)
Other comprehensive income (loss)				
Foreign currency translation adjustment	(196)	(1,002)	(1,572)	(1,368)
Comprehensive loss	\$ (1,154,630)	\$ (82,224)	\$ (1,385,905)	\$ (310,280)
Basic and diluted loss per share (note 14)	\$ (0.068)	\$ (0.006)	\$ (0.087)	\$ (0.027)
Weighted average number of common shares outstanding: Basic and diluted	16,899,582	12,931,631	15,967,514	11,564,528

See accompanying notes.

KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited, expressed in Canadian dollars)

	Share capital		Warrants	Contributed Surplus	Deficit	Accumulated comprehensive income (loss)	Total
	Number	Amount					
Balance, March 31, 2022	9,100,000	\$ 1,003,560	\$ 171,501	\$ -	\$ (1,246,694)	\$ 2,295	\$ (69,338)
Units issued by private placements (notes 9, 10)	250,000	39,434	10,566	-	-	-	50,000
Shares issued by private placement (note 9)	934,000	233,500	-	-	-	-	233,500
Broker/finder warrants (notes 9, 10)	-	(5,750)	5,750	-	-	-	-
Share issuance costs	-	(27,238)	-	-	-	-	(27,238)
Share subscription receivable (note 9)	-	(40,000)	-	-	-	-	(40,000)
Deposit on shares to be issued (note 9)	-	29,750	-	-	-	-	29,750
Exercise of warrants (notes 9, 10)	3,475,000	494,280	(146,780)	-	-	-	347,500
Warrants expired	-	-	(35,287)	35,287	-	-	-
Net loss for the period	-	-	-	-	(308,912)	-	(308,912)
Foreign currency translation adjustment	-	-	-	-	-	(1,368)	(1,368)
Balance, December 31, 2022	13,759,000	1,727,536	5,750	35,287	(1,555,606)	927	213,894
Shares issued by private placement (note 9)	1,063,000	265,750	-	-	-	-	265,750
Shares issued for debt (note 9)	605,500	151,375	-	-	-	-	151,375
Broker/finder warrants (notes 9, 10)	-	(150)	150	-	-	-	-
Share issuance costs	-	(4,925)	-	-	-	-	(4,925)
Share subscription receivable (note 9)	-	40,000	-	-	-	-	40,000
Deposit on shares to be issued (note 9)	-	(29,750)	-	-	-	-	(29,750)
Net loss for the period	-	-	-	-	(223,426)	-	(223,426)
Foreign currency translation adjustment	-	-	-	-	-	(137)	(137)
Balance, March 31, 2023	15,427,500	2,149,836	5,900	35,287	(1,779,032)	790	412,781
Shares issued for Hyde Resources (notes 6, 9)	3,500,000	875,000	-	-	-	-	875,000
Shares issued for debt (note 9)	140,560	35,140	-	-	-	-	35,140
Deposit on shares to be issued (note 16)	-	24,750	-	-	-	-	24,750
Warrants expired	-	-	(5,750)	5,750	-	-	-
Net loss for the period	-	-	-	-	(1,384,333)	-	(1,384,333)
Foreign currency translation adjustment	-	-	-	-	-	(1,572)	(1,572)
Balance, December 31, 2023	19,068,060	\$ 3,084,726	\$ 150	\$ 41,037	\$ (3,163,365)	\$ (782)	\$ (38,234)

See accompanying notes.

KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, expressed in Canadian dollars)

	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
Operating activities				
Loss for the period	\$ (1,154,434)	\$ (81,222)	\$ (1,384,333)	\$ (308,912)
Adjustments to reconcile loss to net cash used:				
Shares issued for Hyde Resources (notes 6, 9)	875,000	-	875,000	-
	(279,434)	(81,222)	(509,333)	(308,912)
Net changes in non-cash working capital items				
Sales tax receivable	(8,799)	19,255	4,070	15,799
Prepaid expenses and deposits	15,994	6,550	(14,600)	(9,470)
Accounts payable and accrued liabilities	117,330	(19,562)	94,847	3,068
	(154,909)	(74,979)	(425,016)	(299,515)
Financing activities				
Loan proceeds	-	-	60,000	-
Shares issued by private placements	-	193,500	-	283,500
Deposit on shares to be issued	24,750	27,000	24,750	29,750
Proceeds from exercise of warrants (notes 9, 13)	-	82,500	-	307,500
Share issuance costs	-	(23,352)	-	(27,238)
	24,750	279,648	84,750	593,512
Effect of exchange rate changes on cash	(196)	(1,002)	(1,572)	(1,368)
Net change in cash	(130,355)	203,667	(341,838)	292,629
Cash, beginning of period	299,757	100,676	511,240	11,714
Cash, end of period	\$ 169,402	\$ 304,343	\$ 169,402	\$ 304,343
Supplemental disclosure				
Shares issued for debt	\$ -	\$ -	\$ 35,140	\$ -
Share subscription receivable - Warrants	\$ -	\$ 40,000	\$ -	\$ 40,000

See accompanying notes.

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

1. NATURE OF OPERATIONS AND GOING CONCERN

KO Gold Inc. (the “Company”) is a publicly listed exploration company involved in the business of acquiring and exploring mineral properties in New Zealand. The Company was incorporated on March 9, 2020, in the province of Ontario, Canada. The address of the Company’s registered office is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

Going Concern

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company’s ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

As at December 31, 2023, the Company had a working capital deficiency of \$38,234 (March 31, 2023 - \$412,781 surplus), incurred losses for the current nine-month period of \$1,385,905 (December 31, 2022 - \$310,280), and, had an accumulated deficit of \$3,163,365 (March 31, 2023 - \$1,779,032). To recapitalize the Company, on January 10, 2024, the Company completed a \$1.11 million private placement (note 16).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements for the nine-month period ended December 31, 2023, were approved and authorized for issuance by the Company’s board of directors.

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

Basis of Consolidation and Presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned New Zealand domiciled subsidiaries, KO Gold NZ Limited and Hyde Resources Limited. All significant inter-company transactions and balances have been eliminated upon consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's subsidiaries is the New Zealand dollar.

These interim consolidated financial statements do not include all of the disclosure required in annual financial statements and should be read in conjunction with the Company's audited 2023 annual consolidated financial statements. These interim results are not necessarily indicative of the results that may be anticipated for the entire fiscal year.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the Company's management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company's assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Significant estimates relate to:

- warrant valuation;
- measurement of shares issued to settle debt;
- measurement of shares issued to acquire Hyde Resources Limited;
- recognition of deferred tax assets and liabilities; and,
- establishment of provisions.

Significant judgements relate to:

- ability to continue as a going concern;
- functional currency of the Company and its subsidiaries;
- asset acquisition method for the purchase of Hyde Resources Limited; and,
- choice of accounting policy for exploration and evaluation.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies, as described in Note 4, Significant Accounting Policies, of the Company's audited annual consolidated financial statements for the year ended March 31, 2023, have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise noted.

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

SIGNIFICANT ACCOUNTING POLICIES (continued)

The accounting policy applied in determining the acquisition treatment of Hyde Resources Limited (note 6) is described below:

Business Combinations

In accordance with IFRS 3 – Business Combination (“IFRS 3”), a transaction is recorded as a business combination if the significant assets, liabilities, or activities, in addition to property, assumed constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The estimation of the fair value of the assets and liabilities acquired in an acquisition is subject to judgement concerning estimating market values and predicting future events. These values are uncertain and can materially impact the carrying value of the acquired assets and the amount allocated to goodwill, if applicable.

In addition, during fiscal 2024 the Company adopted the following policy:

Adoption of IAS 1 – Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management’s intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date.

The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty. On April 1, 2023, the Company adopted IAS 1, as amended, which did not have any effect on the Company’s financial statements.

5. CAPITAL MANAGEMENT

The Company’s objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure the Company is dependent on equity funding and loans from related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors does not establish quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business.

There were no changes in the Company’s management of its capital during the current nine-month period. The Company is not subject to any externally imposed capital requirements.

6. ACQUISITION OF HYDE RESOURCES LIMITED

On November 27, 2023, the Company completed the purchase of 100% of the shares of Hyde Resources Limited from Smylers Gold Limited. The effective date of the acquisition was November 1, 2023. Hyde Resources holds the Smylers and Glenpark exploration permits that comprise the Company’s Smylers Gold Project (note 12), located in the Otago gold district of the South Island of New Zealand.

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

ACQUISITION OF HYDE RESOURCES LIMITED (continued)

The purchase price was \$908,353, which consisted of 3,500,000 common shares, having a fair value of \$875,000 and transaction costs of \$33,353. The acquisition of Hyde Resources was treated as an asset acquisition, whereby the consideration paid for the acquisition was allocated to the fair value of the identifiable assets and liabilities assumed with the remainder allocated to the mineral properties acquired. The consideration attributed to the mineral properties was expensed in accordance with the Company's accounting policy for exploration and evaluation expenditures.

Consideration

Fair value of 3,500,000 common shares	\$	875,000
Transaction costs		33,353
	\$	908,353

Fair Value of Net Assets Acquired

Mineral properties	\$	908,353
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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2023	March 31 2023
Suppliers	\$ 128,232	\$ 94,990
Accrued liabilities	38,260	35,422
Related parties (note 13)	36,478	12,851
	\$ 202,970	\$ 143,263

8. LOANS PAYABLE

In September 2023, the Company received unsecured and non-interest bearing cash loans of \$60,000, of which \$10,000 was provided by Company directors/officers. These loans are payable on demand any time after October 1, 2024. The Company has the right to prepay the loans at any time, without bonus or penalty.

9. SHARE CAPITAL

Authorized

Unlimited common shares

Special Shares

Unlimited and issuable in one or more series. The current rights attached to the special shares are: voting, with certain restrictions; preference over common shares with respect to payment of discretionary dividends declared; convertible into any class of special shares or common shares at a rate to be determined by the directors of the Company at their discretion. There have been no special shares issued.

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

SHARE CAPITAL (continued)

Shares and Units Issued – Private Placements

- (i) On April 15, 2022, the Company completed the fifth and final tranche of a \$0.20 private placement that originated in fiscal 2022 by issuing 250,000 units for gross proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant. Each unit warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.30 for a period of 12 months from closing. The fair value of the unit warrants was estimated at \$10,566 using the relative fair value method (note 10).
- (ii) On October 3, 2022, the Company closed the first tranche of a brokered private placement for gross proceeds of \$233,500 by issuing 934,000 common shares at \$0.25 per share. On February 10, 2023, the Company closed the final tranche of the private placement for gross proceeds of \$265,750 by issuing 1,063,000 common shares. The Company received total proceeds of \$499,250 and issued a total of 1,997,000 common shares. During the nine-month period ended December 31, 2022, the Company received deposits of \$29,750 from subscribers in the second tranche of the brokered private placement, which closed on February 10, 2023. As consideration for the services of the broker, the Company issued 66,290 broker warrants. Each broker warrant entitles the holder to purchase one common share at an exercise price of \$0.25 for a period of 12 months from closing. The fair value of the broker warrants was estimated at \$5,900 using the Black-Scholes option pricing model (note 10). In addition, the Company paid cash commissions of \$16,573.

Shares Issued – Debt Settlement

On March 31, 2023, the Company settled \$151,375 of payables by issuing 605,500 common shares at \$0.25 per share, of which 485,500 common shares were issued to entities controlled by or associated with current and former Company directors/officers in settlement of \$121,375 of fees and expenses (note 13).

On June 30, 2023, the Company settled \$35,140 of payables by issuing 140,560 common shares at \$0.25 per share.

Shares Issued – Acquisition of Hyde Resources Limited

On November 27, 2023, the Company issued 3,500,000 common shares at \$0.25 per share pursuant to a share purchase agreement to acquire 100% of Hyde Resources Limited from Smylers Gold Limited (note 6). The effective date of the acquisition was November 1, 2023.

Shares Issued - Warrants

During the nine-month period ended December 31, 2022, the Company issued 3,475,000 common shares in connection to the exercise of 3,475,000 unit warrants for proceeds of \$347,500 (note 10), of which \$40,000 was received subsequent to December 31, 2022. The fair value of these warrants was \$146,780, which was transferred from the warrant reserve account.

Stock Options

On September 30, 2022, the Company adopted a stock option plan (“Plan”) that authorizes the Company to issue up to a maximum of 10% of its issued common shares with an exercise period not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Company’s Board of Directors at the time of grant. No options have been issued since the Plans inception.

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

10. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price	Relative fair value
Balance, March 31, 2022	4,100,000	\$0.30	\$ 171,501
Issued (i)	250,000	0.30	10,566
Issued - Broker warrants	66,290	0.25	5,900
Exercised (i)	(3,475,000)	0.30	(146,780)
Expired (i)	(875,000)	0.30	(35,287)
Balance, March 31, 2023	66,290	\$0.25	\$ 5,900
Expired – Broker warrants	(64,610)	0.25	(5,750)
Balance, December 31, 2023	1,680	\$0.25	\$ 150

- (i) On May 9, 2022 and on December 28, 2022, the Company implemented warrant exercise programs (the “Programs”) to encourage the early and voluntary exercise of the 4,350,000 outstanding common share purchase warrants. Pursuant to the Programs, each warrant’s exercise price was reduced from \$0.30 to \$0.10. As a result, 3,475,000 of these warrants were exercised and 875,000 warrants expired. Pursuant to the Company’s accounting policy, the fair value of the warrants was not remeasured.

Relative fair value of the warrants issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions.

	March 31 2023
Dividend yield	Nil
Expected volatility (based on historical prices)	110%
Risk-free rate of return	2.64%
Expected life	1 Year
Share price	\$0.18

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
February 10, 2024	1,680	\$0.25	0.11	\$ 150

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

11. CORPORATE AND ADMINISTRATIVE

	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
Consulting (note 13)	\$ 48,800	\$ 20,509	\$ 88,806	\$ 68,885
Corporate development and promotion	24,818	-	25,318	-
Filing and transfer agent fees	22,346	-	24,165	-
Management fees (note 13)	25,000	-	25,000	-
Office and general	715	483	1,623	1,346
Professional fees	6,337	4,530	76,327	12,895
Travel	28,014	-	28,533	14,088
	\$ 156,030	\$ 25,522	\$ 269,772	\$ 97,214

12. EXPLORATION AND EVALUATION

Mineral Project	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
Otago, New Zealand	\$ 40,763	\$ 11,191	\$ 80,377	\$ 42,858
Smylers, New Zealand	957,620	44,618	1,034,163	168,949
	\$ 998,383	\$ 55,809	\$ 1,114,540	\$ 211,807

Otago Gold Project – New Zealand

The Otago Gold Project is located in New Zealand in the Otago region on the South Island and encompasses approximately 789 sq. kms. Otago consists of the three two-year prospecting permits (Tokomairiro, Carrick Range, Rough Ridge) and one five-year exploration permit (Hyde).

Otago	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
Property costs	\$ 20,392	\$ 11,061	\$ 44,613	\$ 40,584
Consulting/Contracting	13,798	130	29,191	2,274
Geophysics/Surveys	6,573	-	6,573	-
	\$ 40,763	\$ 11,191	\$ 80,377	\$ 42,858

Smylers Gold Project – New Zealand

The Smylers Gold Project ("Smylers") is located in New Zealand in the Otago region on the South Island and is comprised of two exploration permits that encompass approximately 62 sq. kms. On March 8, 2021, the Company entered into an option agreement, having an effective date of April 1, 2021, with Hyde Resources Limited and Smylers Gold Limited pursuant to which the Company obtained the right (the "Option") to acquire a 100% interest in the Smylers and Glenpark permits.

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

EXPLORATION AND EVALUATION (continued)

To exercise the Option the Company was required to incur expenditures of NZ \$4,000,000 over a four-year period, as amended on June 28, 2023, as follows:

- a) a minimum of NZ \$1,000,000 in expenditures before September 30, 2022 (completed); and,
- b) an additional NZ \$3,000,000 in expenditures by April 1, 2025 (October 31, 2023 – expended NZ \$282,935).

On October 26, 2023, the Company entered into a share purchase agreement with Smylers Gold Ltd. to replace the option agreement, whereby the Company would acquire all of the issued shares in Hyde Resources Ltd., which holds the Smylers and Glenpark permits. On November 27, 2023, the Company completed the purchase of 100% of the shares of Hyde Resources Limited by issuing 3,500,000 common shares to Smylers Gold Ltd. The effective date of the acquisition was November 1, 2023.

In addition, Smylers Gold Ltd. retained:

- a) a 2-per-cent net smelter return (“NSR”) royalty for the life of the Smylers Gold Project, of which 1 per cent (such that the remaining NSR shall be reduced to 1 per cent) may be purchased by the Company, at anytime, for NZ \$2 million; and,
- b) the right to receive \$20 for each ounce of gold produced from the Smylers Gold Project for the life of the project.

Smylers	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
Acquisition costs - Hyde Res	\$ 908,353	\$ -	\$ 908,353	\$ -
Property costs	4,139	6,426	8,120	23,150
Assaying	-	-	-	3,687
Consulting/Contracting	11,038	2,378	14,718	28,538
Equipment and supplies	-	-	-	3,276
Site costs	33,942	35,699	102,243	107,233
Travel/Transportation	148	115	729	3,065
	\$ 957,620	\$ 44,618	\$ 1,034,163	\$ 168,949

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

13. RELATED PARTY TRANSACTIONS AND BALANCES

A summary of the compensation of key management (directors/officers) of the Company is included in the table below. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

	Three months ended December 31		Nine months ended December 31	
	2023	2022	2023	2022
Consulting (i)	\$ 43,300	\$ 9,000	\$ 71,300	\$ 9,000
Management fees (ii)	25,000	-	25,000	-
Professional fees (iii)	-	4,530	-	11,019
Share issuance costs (iii)	-	6,500	-	10,386
	\$ 68,300	\$ 20,030	\$ 96,300	\$ 30,405

(i) Consulting fees were paid or became payable to a company officer and to a company controlled by a Company officer.

(ii) Management fees were paid or became payable to a to a company controlled by a Company officer.

(iii) Legal fees were paid or became payable to a law firm in which a former Company director/officer is a partner.

In September 2023, Company directors/officers provided the Company with cash loans of \$10,000. These loans are unsecured, non-interest bearing and payable on demand any time after October 1, 2024. The Company has the right to prepay the loans at any time, without bonus or penalty.

Included in accounts payable and accrued liabilities is \$36,478 (March 31, 2023 - \$12,851) payable to entities controlled by or associated with Company directors/officers.

On March 31, 2023, the Company settled \$121,375 of payables by issuing 485,500 common shares at \$0.25 per share to entities controlled by or associated with current and former Company directors/officers. The debt settlement consisted of: 160,000 shares in settlement of \$40,000 of consulting fees; 60,000 shares in settlement of \$15,000 of expenses; and, 265,500 shares in settlement of \$66,375 of legal fees.

14. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of cash, accounts payable and accrued liabilities and loans payable approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price if one exists.

KO GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

IFRS 13 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

As at December 31, 2023 and March 31, 2023, the Company had no financial assets measured at fair value.

Risk Management

The primary objectives of the Company's financial risk management procedures are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's financial position, from events that have the potential to materially impair its financial strength. These activities include the preservation of its capital by minimizing risk related to its cash.

The Company does not trade financial instruments for speculative purposes and does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash. The Company mitigates the risk to its cash by depositing a majority of its cash with Canadian and New Zealand banks.

Currency Risk

The Company operates in Canada and New Zealand, thus exposing the Company to market risks from fluctuations in foreign exchange rates. The Company has certain corporate and administrative expenditures, exploration and evaluation expenditures and future potential financial commitments denominated in New Zealand dollars. The Company monitors foreign exchange rates and has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates. As at December 31, 2023, a 10% change in the New Zealand dollar (NZD) would impact the Company's loss by approximately \$4,000.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company's excess cash is invested in low-risk financial instruments that provide flexibility for early redemption. The Company's excess cash is subject to interest rate risk resulting from fluctuations in prime rates.

Liquidity Risk

Liquidity risk management requires maintaining sufficient cash, liquid investments or credit facilities to meet the Company's operating expenditures and commitments, as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The Company does not have any income from operations or a regular source of income and is highly dependent on its working capital and equity funding to support its exploration and corporate activities. There can be no assurance that the Company will be successful in its fund-raising activities.

KO GOLD INC.

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(unaudited, expressed in Canadian dollars)

For the nine months ended December 31, 2023 and 2022

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Accounts payable and accrued liabilities are generally due within 30 days and loans from related parties are due on demand. As at December 31, 2023, the Company had cash of \$169,402 (March 31, 2023 - \$511,240) to settle current liabilities of \$262,970 (March 31, 2023 - \$143,263). Subsequent to December 31, 2023, the Company's cash position was significantly enhanced through the completion of a \$1.11 million private placement (note 16). The Company anticipates that it will need to raise additional capital to fully fund its liabilities and activities for the coming twelve-month period.

16. SUBSEQUENT EVENTS

- a) On January 10, 2024, the Company closed a non-brokered private placement for gross proceeds of \$1,110,045 by issuing 3,363,772 units (each, a "Unit") at \$0.33 per unit. Each Unit consists of one common share and one common share purchase warrant (each, a "Unit Warrant"). Each Unit Warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.40 for a period of 24 months from the date of closing. During the nine-month period ended December 31, 2023, the Company received a deposit of \$24,750 from a subscriber in the private placement.

The Company paid cash commissions of \$9,933 and issued 21,000 broker/finder warrants. Each broker/finder warrant entitles the holder to purchase one common share at \$0.40 for a period of 24 months from closing.

- b) Subsequent to December 31, 2023, the Company repaid loans of \$40,000.
- c) On February 15, 2024, the Company entered into an agreement with NewPeak Metals Ltd, NewPeak NZ Ltd and Mr. Neil Stuart to acquire the Raggedy Range and Garibaldi exploration permits (the "Properties"), encompassing a combined area of approximately 92 sq. kms., within the Otago Gold District of New Zealand.

As consideration for the acquisition of the Properties, the Company:

- (i) issued an aggregate of 595,238 common shares on February 23, 2024
- (ii) shall issue such number of common shares having a value of \$125,000 on or before February 15, 2025 (the "Second Tranche"); and
- (iii) shall issue such number of Common Shares having a value of \$125,000 on or before February 15, 2026 (the "Third Tranche").

The common shares to be issued in the Second Tranche and the Third Tranche shall be issued at the Market Price (as such term is defined in the policies of the Canadian Securities Exchange on the date of issuance ("CSE")).

Completion of the acquisition of the Properties is subject to New Zealand ministerial approval to transfer the Properties to the Company in accordance with the New Zealand Crown Minerals Act.