

KO GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2024 and 2023

EXPRESSED IN CANADIAN DOLLARS

Independent Auditor's Report

To the Shareholders of KO Gold Inc.

Opinion

We have audited the consolidated financial statements of **KO Gold Inc.** ("the Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and March 31, 2023 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **KO Gold Inc.** as at March 31, 2024 and March 31, 2023 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred a comprehensive loss for the year of \$2,456,412 (2023 - \$533,843) and had an accumulated deficit of \$4,229,293 (2023 - \$1,779,032). 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 Company'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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of Material Uncertainty Related to Going Concern

Description of the matter

We draw attention to Note 1 to the financial statements. At each reporting date, the Company assesses its ability to continue as a going concern. Whether the Company is able to continue as a going concern is a significant management judgment.

Why the matter is a key audit matter

We identified the evaluation of the Company's ability to continue as a going concern as a key audit matter. This matter represented an area of higher assessed risk of material misstatement, which required significant auditor judgment in the evaluation of the results of our procedures.

How the matter was addressed in the audit

The primary procedure we performed to address this key audit matter included the following:

We evaluated the appropriateness of the Company's key strategy to resolve the situation given the current financial position and cash flows from operations.

Independent Auditor's Report

To the Shareholders of KO Gold Inc. (Continued)

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions for the year ended March 31, 2024. 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 audits 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 financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. 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 the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 a 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

To the Shareholders of KO Gold Inc. (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 condition may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 with 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.

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants
July 24, 2024
St. Catharines, Ontario

KO GOLD INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***(expressed in Canadian dollars)*

As at	March 31 2024	March 31 2023
ASSETS		
Current		
Cash	\$ 779,576	\$ 511,240
Sales tax receivable	45,867	28,436
Prepaid expenses and deposits	37,992	16,368
	\$ 863,435	\$ 556,044
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 265,863	\$ 143,263
Loans payable (notes 7, 13)	20,000	-
	285,863	143,263
EQUITY		
Share capital (note 8)	3,917,475	2,149,836
Warrants (note 9)	432,893	5,900
Contributed surplus	461,858	35,287
Deficit	(4,229,293)	(1,779,032)
Accumulated other comprehensive income	(5,361)	790
	577,572	412,781
	\$ 863,435	\$ 556,044

Nature of operations and going concern (note 1)**Commitments and contingencies (note 11)****Subsequent events (note 18)****Approved by the Board of Directors****"Gregory Isenor"**
Director (Signed)**"Mark McMurdie"**
Director (Signed)*See accompanying notes.*

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

For the year ended March 31,	2024	2023
Expenses		
Corporate and administrative (notes 10, 13)	\$ 491,953	\$ 260,516
Exploration and evaluation (notes 11, 12)	1,537,566	271,931
Share-based payments (notes 8, 13)	420,750	-
	(2,450,269)	(532,447)
Other income (expenses)		
Interest income	52	109
Foreign exchange loss	(44)	-
	8	109
Net loss	\$ (2,450,261)	\$ (532,338)
Other comprehensive Income		
Foreign currency translation adjustment	(6,151)	(1,505)
Comprehensive loss	\$ (2,456,412)	\$ (533,843)
Basic and diluted loss per share (note 14)	\$ (0.140)	\$ (0.043)
Weighted average number of common shares outstanding:		
Basic and diluted	17,553,978	12,252,904

See accompanying notes.

KO GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(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 8, 9)	250,000	39,434	10,566	-	-	-	50,000
Shares issued by private placement (note 8)	1,997,000	499,250	-	-	-	-	499,250
Shares issued for debt (note 8)	605,500	151,375	-	-	-	-	151,375
Broker/finder warrants (notes 8, 9)	-	(5,900)	5,900	-	-	-	-
Share issuance costs	-	(32,163)	-	-	-	-	(32,163)
Exercise of warrants (notes 8, 9)	3,475,000	494,280	(146,780)	-	-	-	347,500
Warrants expired	-	-	(35,287)	35,287	-	-	-
Net loss for the year	-	-	-	-	(532,338)	-	(532,338)
Foreign currency translation adjustment	-	-	-	-	-	(1,505)	(1,505)
Balance, March 31, 2023	15,427,500	\$ 2,149,836	\$ 5,900	\$ 35,287	\$ (1,779,032)	\$ 790	\$ 412,781
Units issued by private placements (notes 8, 9)	3,363,772	682,416	427,629	-	-	-	1,110,045
Shares issued for Hyde Resources (note 8)	3,500,000	875,000	-	-	-	-	875,000
Shares issued for mineral properties (note 8)	595,238	261,905	-	-	-	-	261,905
Shares issued for debt (note 8)	140,560	35,140	-	-	-	-	35,140
Broker/finder warrants (notes 8, 9)	-	(5,264)	5,264	-	-	-	-
Share issuance costs	-	(81,859)	-	-	-	-	(81,859)
Exercise of warrants (notes 8, 9)	890	301	(79)	-	-	-	222
Warrants expired	-	-	(5,821)	5,821	-	-	-
Share-based payments (note 8)	-	-	-	420,750	-	-	420,750
Net loss for the year	-	-	-	-	(2,450,261)	-	(2,450,261)
Foreign currency translation adjustment	-	-	-	-	-	(6,151)	(6,151)
Balance, March 31, 2024	23,027,960	\$ 3,917,475	\$ 432,893	\$ 461,858	\$ (4,229,293)	\$ (5,361)	\$ 577,572

See accompanying notes.

KO GOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in Canadian dollars)

For the year ended March 31,	2024	2023
Operating activities		
Loss for the year	\$ (2,450,261)	\$ (532,338)
Adjustments to reconcile loss to net cash used:		
Shares issued for Hyde Resources	875,000	-
Shares issued for mineral properties	261,905	-
Share-based payments	420,750	-
	(892,606)	(532,338)
Net changes in non-cash working capital items		
Sales tax receivable	(17,431)	(6,312)
Prepaid expenses and deposits	(21,624)	894
Accounts payable and accrued liabilities	157,740	174,200
	(773,921)	(363,556)
Financing activities		
Loan proceeds (notes 7, 13)	60,000	-
Loan payable repayment (note 7)	(40,000)	-
Proceeds from private placements	1,110,045	549,250
Proceeds from exercise of warrants	222	347,500
Share issuance costs	(81,859)	(32,163)
	1,048,408	864,587
Effect of exchange rate changes on cash	(6,151)	(1,505)
Net change in cash	268,336	499,526
Cash, beginning of year	511,240	11,714
Cash, end of year	\$ 779,576	\$ 511,240
Supplemental disclosure		
Shares issued for debt	\$ 35,140	\$ 151,375
Broker/finder warrants	\$ 5,264	\$ -

See accompanying notes.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

KO Gold Inc. (the “Company”) is in the business of acquiring and exploring mineral properties in New Zealand and became a public issuer on September 18, 2023. On October 11, 2023, the Company’s common shares were listed for trading on the Canadian Securities Exchange (CSE) under the symbol “KOG”. 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 March 31, 2024, the Company had working capital of \$577,572 (March 31, 2023 - \$412,781), incurred losses for the current year of \$2,456,412 (2023 - \$533,843), and, had an accumulated deficit of \$4,229,293 (March 31, 2023 - \$1,779,032). To enhance its working capital, on June 19, 2024, the Company announced its intention to complete a \$5 million private placement (note 18).

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. BASIS OF PREPARATION

Statement of Compliance

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

These consolidated financial statements for the year ended March 31, 2024 were approved and authorized for issue by the Company’s board of directors on July 24, 2024.

These consolidated financial statements include the accounts of the Company and its two wholly-owned New Zealand domiciled subsidiaries: KO Gold NZ Limited and Hyde Resources Limited (“Hyde”). The results of Hyde are from the date of acquisition of November 27, 2023. All significant inter-company transactions and balances have been eliminated upon consolidation.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

BASIS OF PREPARATION (continued)

Basis of Consolidation and Presentation

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.

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:

- measurement of share-based payments and warrant valuation;
- measurement of shares issued to settle debt;
- measurement of shares issued to acquire Hyde Resources Limited and mineral properties;
- 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. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

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.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

MATERIAL ACCOUNTING POLICIES (continued)

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.

Exploration and Evaluation

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are first tested for impairment and then capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Option payments received from optionees are treated as a recovery of the related exploration and evaluation properties costs and are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Financial Instruments

The classification of a financial instrument is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit and loss (FVTPL) or if the Company has opted to measure them at FVTPL.

A debt instrument that meets both the business model test and cash flow characteristics test must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at FVTPL, under the fair value option.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as fair value through other comprehensive income (FVTOCI).

If certain conditions are met, the classification of a financial asset, debt instrument or equity instrument may subsequently need to be reclassified.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Transaction costs and any realized or unrealized gains or losses arising from changes in the fair value of the financial asset or liability held at FVTPL are included in the consolidated statements of operations and comprehensive loss in the period in which they arise.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

MATERIAL ACCOUNTING POLICIES (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Derecognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of operations and comprehensive loss.

Foreign Currency Translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At each reporting date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the period end exchange rate. All foreign currency adjustments are expensed.

Financial statements of the subsidiary for which the functional currency is not the Canadian dollar are translated into Canadian dollar, the presentation currency, as follows: all asset and liability accounts are translated at the period end exchange rate and all revenues and expense items are translated using the applicable quarterly average currency exchange rate. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income (loss).

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the period using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred assets and liabilities are recognized for the future tax consequences attributable to the difference between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be recognized.

Interest

The Company classifies interest received and interest paid as an operating cash flow within the statement of cash flows.

Leases

This standard provides a comprehensive model for the identification, measurement and disclosure of lease arrangements. This standard eliminates the classification of material leases as either an operating or finance lease, and instead, these leases are to be recognized as assets and liabilities.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

MATERIAL ACCOUNTING POLICIES (continued)

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specific explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefit from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

If a contract is assessed to contain a lease, the Company recognizes a lease liability with a corresponding right-of-use ("ROU") asset on the date at which the leased asset is available for use by the Company. ROU assets are measured at cost, which includes the amount of the lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Purchase, renewal and termination options that are reasonably certain of being exercised are also included in the measurement of the lease liability. ROU assets are subject to impairment.

The Company recognizes a lease liability at the commencement date of a lease, measured at the present value of the lease payments to be made over the lease term. The measurement of the Company's lease liabilities depends on the interest rate implicit in the lease used to discount the remaining lease payments. In calculating the present value of lease payments, the Company uses an incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that the Company assumes it would have to pay to borrow over a similar term, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment. Significant assumptions are required to be made on the basis for which the incremental borrowing rate was derived. These assumptions are considered to be a key source of estimation uncertainty. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company uses the following practical expedients and recognition exemptions when assessing leases:

- exemption to not recognize right-of-use ("ROU") assets and liabilities for leases with a remaining lease term of less than 12 months;
- exemption to not recognize ROU assets and liabilities for leases with low value;

The lease liability is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to nil.

Loss per Share

The computation of loss per share and diluted loss per share amounts are based upon the weighted average number of outstanding common shares during the year. Dilution is calculated based on the net number of common shares issued should "in the money" options and warrants be exercised and the proceeds used to purchase common shares at the weighted average market price in the period.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

MATERIAL ACCOUNTING POLICIES (continued)

Provisions

A provision is recognized in the consolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to discharge the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

Share-based Payments

The Company accounts for share-based payments using the fair value based method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche of options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. The fair value of each tranche of options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of goods or services received cannot be reliably measured, then the Black-Scholes option pricing model or share price is used.

The fair value of stock options, adjusted for expected forfeitures, is recognized as share-based payments expense over each tranche's vesting period with an offsetting credit charged to contributed surplus. The applicable contributed surplus is transferred to share capital if and when, the stock options are exercised. The fair value of stock options remains in contributed surplus on expiry of options. Any consideration paid on the exercise of stock options is credited to share capital.

Share Issue Costs

Share issue costs are recorded as a reduction of share capital.

Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants based on their relative fair value. Unit proceeds are allocated to shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing.

If and when the warrants are exercised, the applicable relative fair value recognized in warrants is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire unexercised on maturity, the recorded value is transferred to contributed surplus.

In situations where warrants are issued as consideration for goods and services received and some or all of the goods or services received cannot be specifically identified or reliably measured, then these warrants are measured at the fair value of the share-based payment. The fair value of the share-based payment is determined using the Black-Scholes option pricing model.

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.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

CAPITAL MANAGEMENT (continued)

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. 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 year. The Company is not subject to any externally imposed capital requirements.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2024	March 31 2023
Suppliers	\$ 199,586	\$ 94,990
Accrued liabilities	64,347	35,422
Related parties (note 13)	1,930	12,851
	\$ 265,863	\$ 143,263

7. 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 (note 13). These loans are payable on demand any time after October 1, 2024, though the Company has the right to prepay the loans at any time, without bonus or penalty. During fiscal 2024, the Company repaid a \$40,000 loan provided by a third party.

8. 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.

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 additional gross proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant. Each unit warrant entitled the holder thereof to purchase one additional common share at an exercise price of \$0.30 for a period of 12 months from the date of closing. The fair value of the unit warrants was estimated at \$10,566 using the relative fair value method.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

SHARE CAPITAL (continued)

- (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. As partial 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 the date of closing. The fair value of the broker warrants was estimated at \$5,900 using the Black-Scholes option pricing model.
- (iii) 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 at \$0.33 per unit. 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 \$0.40 for a period of 24 months from the date of closing. The fair value of the unit warrants was estimated at \$427,629 using the relative fair value method. In addition, the Company issued 21,000 finder warrants. Each finder warrant entitles the holder to purchase one common share at an exercise price of \$0.40 for a period of 24 months from the date of closing. The fair value of the finder warrants was estimated at \$5,264 using the Black-Scholes option pricing model.

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 (note 12).

Shares Issued – Mineral Properties

On February 23, 2024, the Company issued 595,238 common shares at \$0.44 per share pursuant to an acquisition agreement to acquire the Garabaldi and Raggedy Range permits (note 11).

Shares Issued – Warrants

During the year ended March 31, 2023, the Company issued 3,475,000 common shares in connection to the exercise of 3,475,000 unit warrants for proceeds of \$347,500. The fair value of these warrants was \$146,780, which was transferred from the warrant reserve account.

During the year ended March 31, 2024, the Company issued 890 common shares in connection to the exercise of 890 broker warrants for proceeds of \$222. The fair value of these warrants was \$79, which was transferred from the warrant reserve account.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

SHARE CAPITAL (continued)

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.

Stock option transactions since inception of the Plan and the number of stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, March 31, 2023	-	\$0.00
Granted (i)	1,800,000	0.45
Balance, March 31, 2024	1,800,000	\$0.45

- (i) On March 12, 2024, the Company granted 1,800,000 stock options to directors, officers and consultants. All of these options were issued with an exercise price of \$0.45 and a two-year term, expiring on March 12, 2026. All of the option vested immediately.

Fair value of the options issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2024
Dividend yield	Nil
Expected volatility (based on historical prices)	122%
Risk-free rate of return	4.00%
Expected life	2 Years
Share price	\$0.39

Share-based payment expense recognized in 2024 was \$420,750 (2023 - \$nil). The offsetting credit was charged to contributed surplus. Consultants' options were measured using the Black-Scholes option pricing model due to the absence of a reliable measurement of the services granted.

The following summarizes information on the outstanding stock options:

Expiry Date	Number	Exercise price	Exercisable	Average remaining contractual life (years)
March 12, 2026	1,800,000	\$0.45	1,800,000	1.95

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

9. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price
Balance, March 31, 2022	4,100,000	\$0.30
Issued	250,000	0.30
Issued – Broker/Finder warrants	66,290	0.25
Exercised (i)	(3,475,000)	0.30
Expired (i)	(875,000)	0.30
Balance, March 31, 2023	66,290	\$0.25
Issued	3,363,772	0.40
Issued – Broker/Finder warrants	21,000	0.40
Exercised	(890)	0.25
Expired	(65,400)	0.25
Balance, March 31, 2024	3,384,772	\$0.40

- (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:

	2024	2023
Dividend yield	Nil	Nil
Expected volatility (based on historical prices)	122%	110%
Risk-free rate of return	3.88%	2.64%
Expected life	2 Years	1 Year
Share price	\$0.40	\$0.18

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
January 10, 2026	3,384,772	\$0.40	1.78	\$ 432,893

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

10. CORPORATE AND ADMINISTRATIVE

	2024	2023
Consulting (note 13)	\$ 109,519	\$ 148,737
Corporate development and promotion	90,231	7,998
Filing and transfer agent fees	29,865	10,535
Management fees (note 13)	104,500	-
Office and general	3,021	1,903
Professional fees	113,013	77,255
Travel	41,804	14,088
	\$ 491,953	\$ 260,516

11. EXPLORATION AND EVALUATION

Mineral Project	2024	2023
Otago, New Zealand	\$ 432,517	\$ 64,018
Smylers, New Zealand	1,105,049	207,913
	\$ 1,537,566	\$ 271,931

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 665 sq. kms. Otago consists of three prospecting permits (Tokomairiro, Carrick Range, Rough Ridge) and three exploration permits (Hyde, Garibaldi and Raggedy Range).

On February 15, 2024, as amended on May 16, 2024, the Company entered into an agreement with NewPeak NZ Limited to acquire the Garibaldi and Raggedy Range exploration permits (the "Properties"), encompassing a combined area of approximately 92 sq. kms.

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

- (i) issued an aggregate of 595,238 common shares on February 23, 2024 having a value of \$261,905;
- (ii) shall issue such number of common shares having a value of \$125,000 on February 15, 2025 (the "Second Tranche");
and
- (iii) shall issue such number of common shares having a value of \$125,000 on 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.

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

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

EXPLORATION AND EVALUATION (continued)

	2024	2023
Acquisition costs	\$ 261,905	\$ -
Property costs	58,352	57,682
Consulting/Contracting	104,566	6,336
Geophysics/Surveys	6,573	-
Travel/Transportation	1,121	-
	\$ 432,517	\$ 64,018

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.

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.

	2024	2023
Acquisition costs - Hyde Res.	\$ 910,738	\$ -
Property costs	12,174	23,150
Assaying	-	3,687
Consulting/Contracting	45,144	30,254
Equipment and supplies	-	3,276
Site costs	136,264	144,124
Travel/Transportation	729	3,422
	\$ 1,105,049	\$ 207,913

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

12. 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 11), located in the Otago gold district of the South Island of New Zealand.

The purchase price was \$910,738, which consisted of 3,500,000 common shares, having a fair value of \$875,000 and transaction costs of \$35,738. 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		35,738
	\$	910,738

Fair Value of Net Assets Acquired

Mineral properties	\$	910,738
--------------------	----	---------

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.

	2024	2023
Consulting (i)	\$ 71,300	\$ 58,000
Management fees (ii)	104,500	-
Professional fees (iii)	-	27,019
Share issuance costs (iii)	-	12,191
Share-based payments (iv)	175,312	-
	\$ 351,112	\$ 97,210

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

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

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

(iv) Share-based payments represent the fair value of stock options granted to Company directors and officers.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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 \$1,930 (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. SEGMENTED REPORTING

The Company operates in a single segment, which is the acquisition and exploration of mineral properties in New Zealand.

Assets and liabilities by geographic region:

As at	March 31 2024	March 31 2023
Current assets		
Canada	\$ 790,536	\$ 535,706
New Zealand	72,899	20,338
	\$ 863,435	\$ 556,044
Current liabilities		
Canada	\$ 168,541	\$ 103,117
New Zealand	117,322	40,146
	\$ 285,863	\$ 143,263

Comprehensive loss by geographic region:

For the year ended March 31,	2024	2023
Canada	\$ (904,212)	\$ (248,335)
New Zealand	(1,552,200)	(285,508)
	\$ (2,456,412)	\$ (533,843)

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

16. INCOME TAXES

Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal and provincial tax rates and New Zealand tax rates with the income tax expense in the financial statements:

	2024	2023
Loss before income taxes	\$ (2,456,412)	\$ (533,843)
Statutory rate	26.89%	27.25%
Expected income tax recovery	(660,529)	(145,472)
Increase (decrease) resulting from:		
Non-deductible income and other permanent differences	197,806	(265)
Change in deferred tax assets not recognized	462,723	145,737
Income tax expense	\$ -	\$ -

Deferred Income Taxes

The temporary differences that give rise to future income tax assets and deferred income tax liabilities are presented below:

	2024	2023
Exploration and evaluation costs	\$ 60,000	\$ 60,000
Share issuance costs	70,084	28,389
Unrealized foreign exchange loss	111,412	30,905
investment in subsidiary	606,919	-
Non-capital loss carry forward	2,766,090	1,693,307
Capital loss carry forward	1,328	1,531
Deferred tax temporary differences	3,615,833	1,814,132
Statutory rate	26.89%	27.25%
Deferred tax assets	972,297	494,351
Less: Deferred tax assets not recognized	(972,297)	(494,351)
Net deferred income tax asset	\$ -	\$ -

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

INCOME TAXES (continued)

Tax Credit Carry-forwards

At March 31, 2024, the Company has available non-capital losses to reduce future years' taxable income for Canadian tax purposes of approximately \$2,766,090. These losses expire as follows:

Year of Origin	Year of Expiry		Canada	New Zealand	Total
2024	2044	\$	437,474	\$ 635,309	\$ 1,072,783
2023	2043		255,326	268,854	524,180
2022	2042		68,495	884,135	952,630
2021	2041		42,936	173,561	216,497
		\$	804,231	\$ 1,961,859	\$ 2,766,090

The Company has \$60,000 of Canadian exploration and development costs that can be carried forward indefinitely and used to offset future taxable income.

The potential tax benefit relating to these tax losses has not been reflected in these financial statements.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of cash, and accounts payable and accrued liabilities 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.

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.

Classification of Financial Instruments

			2024	2023
Financial assets				
Cash	Amortized cost	\$	779,576	\$ 511,240
Financial liabilities				
Accounts payable and accrued liabilities	Amortized cost	\$	265,863	\$ 143,263
Loans payable	Amortized cost		20,000	-

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 (Note 11) 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 March 31, 2024, a 10% change in the New Zealand dollar (NZD) would have an immaterial impact on the Company's loss.

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.

Accounts payable and accrued liabilities are generally due within 30 days and loans from related parties are due on demand. As at March 31, 2024, the Company had cash of \$779,576 (2023 - \$511,240) to settle current liabilities of \$285,863 (2023 - \$143,263). The Company will need to raise additional capital to fully fund its fiscal 2025 activities.

18. SUBSEQUENT EVENTS

- a) On April 1, 2024, the Company granted 150,000 stock options to an investor relations consultant. These options were issued with an exercise price of \$0.45 and a two-year term, expiring on April 1, 2026. The options vest in instalments of 37,500 options every three months.

KO GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)

For the years ended March 31, 2024 and 2023

SUBSEQUENT EVENTS (continued)

- b) On June 19, 2024, the Company announced its intention to complete a non-brokered private placement for gross proceeds of up to \$5 million by issuing up to 8,333,334 units at \$0.60 per unit. 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 \$0.80 for a period of 36 months from closing.