FORTE MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2021

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Independent Auditor's Report

To the Shareholders of Forte Minerals Corp.

Opinion

We have audited the consolidated financial statements of Forte Minerals Corp. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 20, 2022

FORTE MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

		December 31, 2021		December 31, 2020
ASSETS				
Current				
Cash	$	142,835	$	777,359
Accounts receivable (Note 8)		9,602		24,813
Prepaid expenses		-		3,000
Interest receivable (Note 4)		1,167		940
		153,604		806,112
Deferred financing costs (Note 12)		174,550		-
Notes receivable (Note 4)		122,400		120,000
Exploration and evaluation assets (Note 6)		948,798		948,798
Total assets	$	1,399,352	$	1,874,910
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 8)	$	175,000	$	128,536
Loans payable (Note 5)		17,748		18,920
		192,748		147,456
Shareholders' equity				
Share capital (Note 7)		4,241,350		4,241,350
Accumulated other comprehensive loss		(23,396)		(14,442)
Reserves		323,406		323,406
Deficit		(3,334,756)		(2,822,860)
		1,206,604		1,727,454
Total liabilities and shareholders' equity	$	1,399,352	$	1,874,910

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved and authorized by the Board on April 20, 2022.

"Patrick Elliott" Director *"Douglas Turnbull"* Director

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

FORTE MINERALS CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
EXPENSES		
Consulting (Note 8)	$ 42,000	$ 25,750
Exploration and evaluation expenditures (Notes 6 and 8)	225,804	321,798
Filing fees	1,367	-
Foreign exchange	(3,981)	(4,029)
Investor relations (Note 8)	12,821	9,300
Management fees (Note 8)	96,000	78,000
Marketing (Note 8)	21,639	10,754
Office and administration (Note 8)	35,722	14,603
Professional fees	82,417	93,072
Share-based compensation (Notes 7 and 8)	-	323,406
Travel	734	4,559
Total expenses	(514,523)	(877,213)
Other income		
Recovery of transaction costs	-	25,000
Interest income	2,627	940
Net loss	(511,896)	(851,273)
Other comprehensive loss		
Foreign exchange on translation	(8,954)	(13,832)
Comprehensive loss for the year	$ (520,850)	$ (865,105)
Basic and diluted loss per common share	$ (0.02)	$ (0.05)
Weighted average number of common shares outstanding - basic and diluted	27,128,587	17,532,521

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

FORTE MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

		2021		2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the year	$	(511,896)	$	(851,273)
Items not involving the use of cash:				
Unrealized foreign exchange		(1,172)		(358)
Interest income		(2,627)		(940)
Share-based payments		-		323,406
Changes in non-cash working capital items:				
Accounts receivable		15,211		(20,628)
Accounts payable and accrued liabilities		(21,797)		90,205
Prepaid expenses		3,000		(3,000)
Net cash used in operating activities		(519,281)		(462,588)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash from acquisition of subsidiaries		-		14,914
Cash paid to acquire subsidiaries		-		(150,000)
Funds to subsidiaries prior to acquisition		-		(89,514)
Net cash used in investing activities		-		(224,600)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placement		-		1,353,262
Share issue costs paid		-		(75,672)
Deferred financing costs		(106,289)		-
Net cash provided by (used in) financing activities		(106,289)		1,277,590
Effect of foreign exchange on cash		(8,954)		(14,060)
Change in cash for the year		(634,524)		576,342
Cash, beginning of year		777,359		201,017
Cash, end of year	$	142,835	$	777,359
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-
Non-cash investing and financing activities:				
Deferred financing costs included in accounts payable and accrued liabilities	$	68,261	$	-

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

FORTE MINERALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital					
	Number	Amount	Accumulated Other Comprehensive Loss	Reserves	Deficit	Total
Balance, December 31, 2019	9,851,401	$ 2,243,760	$ (610)	$ -	$ (1,971,587)	$ 271,563
Private placement	11,277,186	1,353,262	-	-	-	1,353,262
Share issue costs	-	(75,672)	-	-	-	(75,672)
Share-based compensation	-	-	-	323,406	-	323,406
Shares issued for acquisition of subsidiaries	5,000,000	600,000	-	-	-	600,000
Shares issued on promissory notes	1,000,000	120,000	-	-	-	120,000
Comprehensive loss for the year	-	-	(13,832)	-	(851,273)	(865,105)
Balance, December 31, 2020	27,128,587	4,241,350	(14,442)	323,406	(2,822,860)	1,727,454
Comprehensive loss for the year	-	-	(8,954)	-	(511,896)	(520,850)
Balance, December 31, 2021	27,128,587	$ 4,241,350	$ (23,396)	$ 323,406	$ (3,334,756)	$ 1,206,604

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Forte Minerals Corp. (with its subsidiaries, collectively, the "Company" or "Forte") is a mining exploration company focused on copper and gold in Peru. Forte was incorporated under the *Company Act* (British Columbia) on March 1, 2011. The Company name was changed from Plan B Minerals Corp. to Forte Copper Corp. on April 20, 2018. On April 27, 2021, the Company changed its name to Forte Minerals Corp. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4. The Company's principal place of business is 108 – 744 West Hastings Street, Vancouver, British Columbia, Canada V6C 1A5. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "CUAU", the OTCQB under the symbol "FOMNF" and the Frankfurt Stock Exchange under the symbol "2OA".

On March 9, 2020, the Company completed a share consolidation on the basis of 1 new common share for 3 old common shares. All share and per share information have been amended retrospectively to reflect the share consolidation.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a working capital deficiency of $39,144 and had an accumulated deficit of $3,334,756 as at December 31, 2021. The Company reported a net loss of $511,896 for the year ended December 31, 2021. The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

2. BASIS OF PREPARATION

Statement of compliance

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

Basis of consolidation and presentation

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation and presentation (cont'd…)

These consolidated financial statements include the accounts of the Company and its 100% controlled entities, Forte Cobre S.A.C. (a Peruvian corporation) ("Forte Cobre"), Amaru Resources S.A.C. (a Peruvian corporation) ("Amaru") and Cordillera Resources Peru S.A.C. (a Peruvian Corporation) ("Cordillera"). The functional currency of the parent company is the Canadian dollar and the Peruvian sol for its subsidiaries.

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

Use of judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Functional currency

  The functional currency of the Company and its subsidiary is the currency of their respective primary economic environment. Judgement is necessary in evaluating each entity's functional currency.

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise additional funding to cover its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

- Impairment of exploration and evaluation assets

  The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates (cont'd…)

- Acquisitions

  The acquisitions in Note 6 required management to make a judgment as to whether the entities constituted a business under the definitions of IFRS 3. The assessment required management to assess the inputs, processes and ability of those entities to produce outputs at the time of acquisition. Pursuant to the assessment, the acquisition of the entities was considered an asset acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES

Currency translation

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as per International Accounting Standards ("IAS") 21 *The Effects of Changes in Foreign Exchange Rates* and should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is the Canadian dollar; the functional currency of Forte Cobre, Amaru and Cordillera is the Peruvian sol (SOL). The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Under IFRS, the results and financial position of all the Company's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- all resulting exchange differences are recognized as a separate component of equity.

Cash equivalents

Cash comprises cash holdings in a business account held at a major financial institution which are available on demand by the Company. As at December 31, 2021 and 2020, the Company does not hold any cash equivalents.

Exploration and evaluation

The Company is in the process of exploring its mineral property interests and has not yet determined whether these properties contain ore reserves that are economically recoverable.

All costs related to the acquisition of mineral properties, including option payments, are capitalized on an individual prospect basis. Amounts received for the sale of mineral properties and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. Subsequent recovery of the resulting carrying value depends on successful development or sale of the mineral property. If a mineral property does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off.

Exploration and evaluation expenditures are recognized in profit or loss. Costs incurred before the Company has obtained legal rights to explore on areas of interest are recognized in profit or loss. Expenditures incurred by the

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation (cont'd…)

Company in connection with the exploration and evaluation of mineral resources after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are capitalized.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristics of many mineral properties. The Company has investigated title to all of its mineral properties and proposed acquisition of mineral property interests and to the best of its knowledge the properties are in good standing.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

Impairment

Management reviews all assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded in profit or loss. Transaction costs are expensed in the consolidated statements of loss.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash, accounts receivable, interest receivable and notes receivable are recorded at amortized cost as they meet the required criteria.

Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

Impairment of financial assets

The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities and loans payable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share, as the effects of including all outstanding options and warrants would be anti-dilutive.

Income taxes

Income tax expense comprises current and deferred tax. 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 year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the consolidated statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Provisions

Provisions are recorded when a present legal of constructive obligation exists as a result of past events where it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Share capital

The Company records in share capital proceeds from share issuances, net of issuance costs and any tax effects. The fair value of common shares is assessed as the most recent issuance price per common share for cash proceeds. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to the residual value method. Under this method, the Company first allocates the proceeds to the share, up to the assessed fair value. The remainder is allocated to the attached warrant.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Shared-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserves.

Consideration received on the exercise of stock options is recorded as share capital and the related reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from reserves. For those unexercised options that expire, the recorded value is transferred to deficit.

4. NOTES RECEIVABLE

On August 10, 2020, the Company received four (4) promissory notes ("Promissory Notes"). The Promissory Notes were provided as security against the purchase of 1,000,000 units ("Units") at $0.12 per share for a total principal amount of $120,000 and mature on July 10, 2023 ("Maturity Date"). Each unit is comprised of one common share ("Unit Share") and one-half purchase warrant. Each warrant entitles the holder to purchase a further common share at a price of $0.20 per share until August 10, 2023. The interest on the principal amount is at a rate of 2.00% per annum. The Promissory Notes are secured by the Unit Shares which are held in escrow, to be released proportionate to the principal balance of Promissory Notes repaid. If the Promissory Notes are not repaid in full by July 10, 2023, the remaining securities held in escrow will be cancelled.

The terms of each Promissory Note provide that the debtor ("Payor") agree to pay any accrued interest owing under this promissory note to the Company on an annual basis on each anniversary date, commencing on July 10, 2021. The Payor may elect to pay any accrued interest owing under this promissory note by adding such amount to the principal amount of this promissory note. On July 10, 2021, the Payors elected to accrue interest owing to the Promissory Notes.

The Payor shall have the right, but not the obligation, to repay in increments of no less than $10,000 the principal amount owing under the promissory note as follows:

(1) After the first anniversary date of the promissory note July 10, 2021, but before the second anniversary date of the promissory note on July 10, 2022, the Payor shall have the right to prepay up to a maximum aggregate amount of $15,000 towards the principal amount owing under the promissory note.

(2) From and after the second anniversary date of the promissory note on July 10, 2022, but before the third anniversary date of the promissory note on July 10, 2023, the Payor shall have the right to prepay up to a maximum aggregate amount of $15,000 towards the principal amount owing under the promissory note.

The Promissory Notes are due from the CEO, a current director, the current corporate secretary, and a consultant.

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 120,940	$ -
Funds advanced	-	120,000
Capitalized interest	1,460	-
Interest receivable	1,167	940
Balance, end of year	$ 123,567	$ 120,940

(Expressed in Canadian Dollars)

5. LOANS PAYABLE

Loans payable		
Balance, December 31, 2019	$	19,278
Foreign exchange		(358)
Balance, December 31, 2020		18,920
Foreign exchange		(1,172)
Balance, December 31, 2021	$	17,748

The amounts are non-interest bearing and unsecured. Loans totaling $12,678 (2020 - $13,514) were payable upon the close of a private placement at $0.05 per share. Loans totaling $5,070 (2020 - $5,406) are payable upon the Company listing on a stock exchange or acquisition by a reporting issuer which occurred subsequent to the year end. The loans payable remain payable on demand subsequent to the year end.

6. EXPLORATION AND EVALUATION ASSETS

Mineral property titles

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

Don Gregorio, Peru

The Company has an option to acquire a 60% interest on the Don Gregorio project from Candente Copper Corp. ("Candente"). The property is a gold and copper prospect in northern Peru. To maintain the option on the property, the Company has paid US$98,500 and must:

a) Make payments as follows:
    a. US$100,000 on or before 30 days of receipt of a drilling permit ("First Drill Permit");
    b. US$100,000 within 30 days of completed a first phase drill program ("First Phase Drill Program"); and
    c. US$200,000 within 60 days of completed a second phase drill program ("Second Phase Drill Program").

b) Carry out the First Phase Drill Program of 5,000 meters upon the issuance of the First Drill Permit, which First Phase Drill Program shall be completed within two years of the First Drill Permit, or in lieu of completing the First Phase Drill Program, the Company may elect to pay to Candente US$100 per meter for each of the 5,000 meters not drilled as part of the First Phase Drill Program, up to a maximum amount of US$500,000, and such payment shall be made prior to the second anniversary of the First Drill Permit.

c) Carry out the Second Drill Program of a further 5,000 meters prior to the earlier of the third anniversary of the First Drill Permit and the first anniversary of a permit received to complete the Second Drill Program.

Following completion of the option, Candente and the Company will form a joint venture of 40% and 60% participating interest respectively.

Esperanza and Pucarini, Peru

On July 27, 2020, the Company entered into a share purchase agreement ("SPA") with GlobeTrotters Resource Group Inc. ("Globetrotters"), a private company under the laws of British Columbia. Pursuant to the SPA, the Company purchased the outstanding common shares of Amaru and Cordillera which are Peruvian entities.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Esperanza and Pucarini, Peru (cont'd…)

Amaru owns the Esperanza copper project. The claims are 100% owned. The project is subject to a 1% net smelter royalty ("NSR").

Cordillera owns the Pucarini gold project. The claims are 100% owned. The project is subject to a 1% NSR.

The Company paid $150,000 and issued 5,000,000 common shares valued at $600,000 as consideration for the SPA.

This transaction has been accounted for as an acquisition of net assets, rather than a business combination, as the net assets acquired did not represent a separate business operation. The Company applied IFRS 2 Share-based Payments in accounting for and assessing the transaction.

The acquisitions were allocated as follows:

		Amaru, Peru		Cordillera, Peru
Consideration paid				
Cash	$	75,000	$	75,000
Shares		300,000		300,000
Total consideration paid	$	375,000	$	375,000

		Amaru, Peru		Cordillera, Peru
Net assets acquired				
Cash	$	740	$	14,174
Accounts receivable		379		2,820
Mineral property interests		374,606		447,682
Accounts payable		(725)		(162)
Funds to subsidiaries prior to acquisition		-		(89,514)
Total net assets acquired	$	375,000	$	375,000

Mineral Property Interests

Details of mineral property balances are as follows:

		Esperanza Project, Peru		Pucarini Project, Peru		Don Gregorio, Peru		Total
Balance, December 31, 2019	$	-	$	-	$	126,510	$	126,510
Additions		374,606		447,682		-		822,288
Balance, December 31, 2020 and December 31, 2021	$	374,606	$	447,682	$	126,510	$	948,798

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Exploration expenditures

The Company expended the following exploration and evaluation expenditures:

For the year ended December 31, 2021	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Assay	$ -	$ 16,271	$ -	$ 16,271
Camp accommodations and travel	4,463	4,592	-	9,055
Community relations	1,966	19,306	-	21,272
Field office	50,731	39,914	-	90,645
Geological	-	8,504	-	8,504
Property costs	19,008	33,150	27,899	80,057
Total, December 31, 2021	$ 76,168	$ 121,737	$ 27,899	$ 225,804

For the year ended December 31, 2020	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Assay	$ -	$ 6,574	$ -	$ 6,574
Camp accommodations and travel	-	14,827	-	14,827
Community relations	20,675	26,135	-	46,810
Field office	795	63,130	5,362	69,287
Geological	688	143,052	6,376	150,116
Property costs	-	-	34,435	34,435
Recoveries	(251)	-	-	(251)
Total, December 31, 2020	$ 21,907	$ 253,718	$ 46,173	$ 321,798

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Year ended December 31, 2021

The Company did not complete any private placements in the year ended December 31, 2021.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

b) Issued share capital (cont'd…)

Year ended December 31, 2020

On July 17, 2020, the Company closed a private placement issuing a total of 11,277,186 units at $0.12 per share for gross proceeds of $1,353,262. Each unit is comprised of one common share and one-half purchase warrant. Each warrant entitles the holder to purchase a further common share at a price of $0.20 per share until July 17, 2023. The Company incurred finder's fees of $75,672.

On July 27, 2020, the Company issued 5,000,000 common shares at $0.12 per share for a value of $600,000 to acquire subsidiaries from Globetrotters (Note 6).

On August 10, 2020, the Company issued a total of 1,000,000 units at $0.12 per share for a value of $120,000 (Note 4). Each unit is comprised of one common share and one-half purchase warrant. Each warrant entitles the holder to purchase a further common share at a price of $0.20 per share until August 10, 2023.

c) Stock options

In May 2021, the Company adopted a stock option plan (the "Plan") which reserves for issuance 10% of the issued and outstanding common shares of the Company at the time of grant. The Plan follows the policies of the Canadian Securities Exchange. The term of an option shall not exceed 10 years from the date of grant.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2019	-	$ -
Granted	3,150,000	0.12
Balance outstanding and exercisable, December 31, 2020 and December 31, 2021	3,150,000	$ 0.12

Stock options outstanding as at December 31, 2021:

	Number	Exercise price	Expiry date
Stock Options	3,150,000 (1)	$ 0.12	July 31, 2025

(1) The outstanding stock options were granted prior to adoption of the Plan and currently exceed the amount issuable under the Plan, but upon completion of the Minimum Offering (Note 12) is within the permitted limit.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

d) Share-based payments

During the year ended December 31, 2020 the Company granted 3,150,000 stock options with a fair value of $323,406.

The following weighted average assumptions were used for Black-Scholes-option-pricing model valuation of stock options granted during the year:

	2021	2020
Share price on grant date	-	$0.12
Risk-free interest rate	-	0.46%
Expected life of options	-	5 years
Expected annualized volatility	-	130%
Dividend rate	-	-
Forfeiture rate	-	-

The Black-Scholes option valuation in the year ended December 31, 2020 was done through a comparison of historical share price volatilities used by similar public companies in the mining industry. The average volatility of these public companies was 126.9%, the Company rounded up to an expected annualized volatility of 130.00%. As the Company is less established than these public companies, the Company's stock price is expected to be slightly more volatile.

e) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2019	-	$	-
Issued	6,138,593		0.20
Balance outstanding and exercisable, December 31, 2020 and December 31, 2021	6,138,593	$	0.20

Warrants outstanding as at December 31, 2021:

Number of Warrants		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
5,638,593	$	0.20	July 17, 2023	1.54
500,000	$	0.20	August 10, 2023	1.61
6,138,593				1.55

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

f) Escrow Shares

The Company had the following securities in escrow as at December 31, 2021:

- 7,419,445 common shares
- 958,333 warrants
- 1,300,000 stock options

Securities subject to the Escrow Agreement will be released pro rata to the holders as to 10% on the Listing Date and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months, provided that securities also subject to the Management Escrow Agreement will only be released on the later of the date permitted by the Escrow Agreement or the Management Escrow Agreement. Shares subject to the Management Escrow Agreements will not be released until the Promissory Notes issued in favor of the Company are repaid in full. Subsequent to the year ended December 31, 2021, 491,944 common shares, 95,833 warrants, and 130,000 stock options were released.

8. RELATED PARTY TRANSACTIONS

As at December 31, 2021 the Company owed $4,600 included in accounts payable and accrued liabilities (2020 – was owed $18,441 included in accounts receivable) to Lords & Company Worldwide Holdings Inc. ("Lords") (formerly Pac Roots Cannabis Corp.) a company of which the CEO is a former officer. The Company and Lords entered into a sublease agreement with the effective date of January 1, 2020, and ending December 31, 2029. The sublease is terminable on 60 days' notice. The Company issued notice on the sublease for termination in November 2021. The balance owing is non-interest bearing, unsecured and payable on demand.

Management Compensation

Key management personnel comprise of the CEO, CFO, Corporate Secretary, and directors of the Company. The remuneration of the key management personnel is as follows:

Payments to key management personnel		2021		2020
Administration, marketing and investor relations	$	15,000	$	-
Consulting fees	$	42,000	$	15,750
Exploration and evaluation expenditures	$	54,598	$	-
Management fees	$	96,000	$	78,000
Share-based compensation	$	-	$	102,669

The Company has certain Promissory Notes due from related parties (Note 4).

As at December 31, 2021, the Company has $45,648 owed to a Company controlled by a common director included in accounts payable and accrued liabilities. The balance owing is non-interest bearing, unsecured and payable on demand.

(Expressed in Canadian Dollars)

9. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2020 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

		2021		2020
Income before income tax	$	(511,896)	$	(851,273)
Statutory income tax rate		27.00%		27.00%
Expected income tax recovery	$	(138,000)	$	(230,000)
Foreign income tax rate difference, change in foreign exchange rates and other		(4,000)		(32,000)
Permanent differences		(1,000)		87,000
Changes in benefits not recognized		143,000		175,000
Income tax expense (recovery)	$	-	$	-

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		2021		2020
Deferred exploration and evaluation	$	95,000	$	43,000
Non-capital losses		532,000		440,000
Share issue costs and other		3,000		27,000
Unrecognized income tax assets	$	630,000	$	510,000

As at December 31, 2021, the Company has Canadian non-capital losses of $1,787,000 that may be applied to reduce future taxable income. If these losses are not used to offset future income, they will expire through the year ended December 31, 2041.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash, accounts receivable, interest receivable, notes receivable, accounts payable and accrued liabilities and loans payable are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value.

Financial risk factors

Credit risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and accounts receivable excluding GST refund, amounting to $146,594 at December 31, 2021 (2020 – $795,800). As the Company's policy is to limit cash holdings to instruments issued by major Canadian and Peruvian banks, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors (cont'd…)

Credit risk (cont'd…)

The Company is also subject to credit risk with respect to the Promissory Notes and interest receivable (Note 4). The Promissory Notes are secured by Unit Shares. The value of the Unit Shares can vary with the Company's share price and fluctuate relative to the receivable amount. However, the Promissory Notes are due from persons actively engaged with the Company and are considered low risk for collection.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at December 31, 2021, the Company had working capital deficiency of $39,144 (2020 – working capital of $658,656). The Company's financial obligations are limited to accounts payable and accrued liabilities and loans payable, all of which have contractual maturities of less than a year.

Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. Management believes the interest rate risk is low given the current low global interest rate environment. As at December 31, 2021, the Company maintained all of its cash balance on deposit with a major Canadian and a major Peruvian bank.

Foreign currency risk

The Company has engaged a number of vendors in the pursuit of mineral exploration activities in Peru. As such, the Company is exposed to some foreign currency risk. Fluctuations in the exchange rate between the Canadian dollar, United States dollar and the Peruvian sol may have an adverse effect on the Company's business and costs to proceed with preferred vendors. The Company does not enter into any foreign exchange hedging contracts. Cash held in the Peruvian entities is generally held in US dollars and converted to soles as required. As at December 31, 2021, the Company held cash of US$76,440. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately $9,475. Foreign currency risk will have an impact the Company's net loss and net financial instruments.

11. CAPITAL MANAGEMENT

The Company's capital management objective is to maintain financial capacity that is strong to sustain the future development of the business.

The Company's capital structure includes shareholders' equity of $1,206,604 (2020 – $1,727,454). The Company manages its capital structure to maximize its financial flexibility to adjust to changes in in economic conditions. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended December 31, 2021.

12. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2021, the Company completed an initial public offering ("Offering") and concurrent listing of the common shares in the capital of the Company on the CSE under the symbol "CUAU".

The Offering of 9,583,332 units (each a "Unit") at a price of $0.30 per Unit generated aggregate proceeds of $2,875,000. Each Unit consisted of one common share and one share purchase warrant. Each whole warrant is exercisable at a price of $0.50 per share until January 24, 2025.

The Company paid Haywood Securities Inc. (the "Agent") a cash commission of $167,014. Additionally, the Agent was paid a fee of $40,000 of which $25,000 was paid in cash and $15,000 was paid through the issuance of 50,000 Units. The Company issued 556,713 warrants to the Agent to acquire up to 556,713 Units at a price per Unit of $0.30 until January 24, 2023.

As at December 31, 2021, the Company had incurred costs of $174,550 (2020 - $Nil) related to the Offering capitalized as deferred financing costs.

The Company granted 525,000 stock options at an exercise price of $0.21 per common share exercisable for a period of 3 years. The stock options vest quarterly over a 1-year term.