FORTE MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FORTE MINERALS CORP.

Opinion

We have audited the consolidated financial statements of Forte Minerals Corp. and its subsidiaries (the "Company"), which comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the 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 Company as at December 31, 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $1,389,081 during the year ended December 31, 2022 and, as of that date, the Company's accumulated deficit totaled $4,723,837. 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.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 20, 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 IFRS, 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.

Auditors' 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 auditors' 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 Company'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 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 auditors' 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 auditors' report. However, future events or conditions 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 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 Company 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 consolidated financial statements of the current period and are, therefore, the key audit matters. We describe key audit matters in our auditors' 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 auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 26, 2023

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

		December 31, 2022		December 31, 2021
ASSETS				
Current				
Cash	$	1,346,218	$	142,835
Accounts receivable		9,816		9,602
Prepaid expenses		46,200		-
Notes receivable (Note 4)		126,979		1,167
		1,529,213		153,604
Notes receivable (Note 4)		-		122,400
Exploration and evaluation assets (Note 6)		948,798		948,798
Deferred financing costs (Note 7)		-		174,550
Total assets	$	2,478,011	$	1,399,352
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 8)	$	64,877	$	175,000
Loans payable (Note 5)		-		17,748
		64,877		192,748
Shareholders' equity				
Share capital (Note 7)		6,608,564		4,241,350
Accumulated other comprehensive income (loss)		(15,222)		(23,396)
Reserves		543,629		323,406
Deficit		(4,723,837)		(3,334,756)
		2,413,134		1,206,604
Total liabilities and shareholders' equity	$	2,478,011	$	1,399,352

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

Approved and authorized by the Board on April 25, 2023.

"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,

	2022	2021
EXPENSES		
Consulting (Note 8)	$ 42,000	$ 42,000
Corporate development	95,153	-
Directors' fees (Note 8)	45,331	-
Exploration and evaluation expenditures (Notes 6 and 8)	481,767	225,804
Foreign exchange	15,180	(3,981)
Investor relations (Note 8)	92,782	12,821
Listing expenses	66,256	-
Management fees (Note 8)	131,750	96,000
Marketing (Note 8)	135,739	21,639
Office and administration (Note 8)	74,897	35,722
Professional fees	72,198	82,417
Share-based payments (Notes 7 and 8)	111,721	-
Transfer agent and filing fees	30,336	1,367
Travel	32,862	734
Total expenses	(1,427,972)	(514,523)
Other income		
Interest income	26,320	2,627
Recovery of accounts payable	12,571	-
	38,891	2,627
Net loss	(1,389,081)	(511,896)
Other comprehensive income (loss)		
Foreign exchange on translation	8,174	(8,954)
Comprehensive loss for the year	$ (1,380,907)	$ (520,850)
Basic and diluted loss per common share	$ (0.04)	$ (0.02)
Weighted average number of common shares outstanding basic and diluted	36,128,495	27,128,587

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,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (1,389,081)	$ (511,896)
Items not involving the use of cash:		
Unrealized foreign exchange	-	(1,172)
Interest income	(3,412)	(2,627)
Recovery of accounts payable	(12,571)	-
Share-based payments	111,721	-
Changes in working capital items:		
Accounts receivable	299	15,211
Accounts payable and accrued liabilities	(29,368)	(21,797)
Prepaid expenses	(46,200)	3,000
Net cash used in operating activities	(1,368,612)	(519,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Initial Public Offering (Note 7)	2,875,000	-
Share issue costs paid	(292,995)	-
Deferred financing costs	-	(106,289)
Loan repayment	(18,040)	-
Net cash provided by financing activities	2,563,965	(106,289)
Effect of foreign exchange on cash	8,030	(8,954)
Change in cash for the year	1,203,383	(634,524)
Cash, beginning of year	142,835	777,359
Cash, end of year	$ 1,346,218	$ 142,835
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-cash investing and financing activities:		
Agent’s warrants issued as share issue costs	$ 108,502	$ -
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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Share Capital					
	Number	**Amount**	**Accumulated Other Comprehensive Loss**	**Reserves**	**Deficit**	**Total**
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
Initial Public Offering (Note 7)	9,583,332	2,875,000	-	-	-	2,875,000
Share issue costs	50,000	(399,284)	-	-	-	(399,284)
Agent Warrants (Note 7)	-	(108,502)	-	108,502	-	-
Share-based payments	-	-	-	111,721	-	111,721
Comprehensive loss for the year	-	-	8,174	-	(1,389,081)	(1,380,907)
Balance, December 31, 2022	36,761,919	$ 6,608,564	$ (15,222)	$ 543,629	$ (4,723,837)	$ 2,413,134

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".

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 working capital of $1,464,336 (deficiency of $39,144 in 2021) and had an accumulated deficit of $4,723,837 as at December 31, 2022 ($3,334,756 in 2021). The Company reported a net loss of $1,389,081 for the year ended December 31, 2022 (net loss of $511,896 in 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. Such adjustments could be material.

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. The Company did not experience any direct impact of the pandemic or the war in Ukraine to date and expects any direct impacts 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. Judgment 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).

- Deferred income tax

  The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates (cont'd…)

- 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.

- Stock options

  The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

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, 2022 and 2021, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation (cont'd…)

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

Share-based payments

The Company uses the fair value-based method of accounting for stock options granted to employees and directors and agent options issued on private placements. Under this method, the fair value of the stock options at the date of the grant, as determined using the Black-Scholes option pricing model, is recognized to expense over the vesting period. The fair value of agent options at the date of issuance, as determined using the Black-Scholes option pricing model, is recognized as share issuance costs, with the offsetting credit to share-based payments reserve. If the stock options or agent options are exercised, the proceeds are credited to share capital and the fair value of the options or agent options exercised is reclassified from share-based payments reserve to share capital.

From time to time in connection with private placements, the Company issues compensatory finder warrants or broker warrants to agents as commission for services. Awards of finder warrants and broker warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when finder warrants and broker warrants are issued. The fair value of a warrant on a share is measured using the Black-Scholes option pricing model and the fair value of the warrant on a warrant is measured using the Geske compound option pricing model that both requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the instruments.

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

Operating segments

The Company assessed its operations under the criteria of IFRS 8 *Operating Segments* and concluded that it has only one operating segment, consequently no operating segment disclosures are included in these financial statements. Additionally, all of its non-current assets are located in Peru, as detailed in Note 6.

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 Unit 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 and July 10, 2022, the Payors elected to accrue interest owing to the Promissory Notes.

(Expressed in Canadian Dollars)

4. NOTES RECEIVABLE (cont'd…)

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. This right expired during the year ended December 31, 2022.

(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, 2022	December 31, 2021
Balance, beginning of period	$ 123,567	$ 120,940
Capitalized interest	2,222	1,460
Interest receivable	1,190	1,167
Balance, end of period	$ 126,979	$ 123,567

5. LOANS PAYABLE

Loans payable	
Balance, December 31, 2020	$ 18,920
Foreign exchange	(1,172)
Balance, December 31, 2021	17,748
Repayment	(18,040)
Foreign exchange	292
Balance, December 31, 2022	$ -

The amounts were owing to a related party (Note 8) and were non-interest bearing, due on demand and unsecured.

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:

(Expressed in Canadian Dollars)

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

Don Gregorio, Peru (cont'd…)

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.

As at December 31, 2022, the Company has submitted and is awaiting results on the application for the First Drill Permit.

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 and a related party. Pursuant to the SPA, the Company purchased the outstanding common shares of Amaru and Cordillera which are Peruvian entities. The Company paid $150,000 and issued 5,000,000 common shares valued at $600,000 as consideration for the SPA.

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.

Mineral Property Interests

Details of mineral property balances are as follows:

	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Balance, December 31, 2020, December 31, 2021 and December 31, 2022	$ 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, 2022	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Assay	$ 1,299	$ 12,085	$ -	$ 13,384
Camp costs	14,217	39,897	-	54,114
Community relations	34,788	51,057	18,348	104,193
Field office and wages	77,569	60,417	13,699	151,685
Geological	2,806	24,389	-	27,195
Property costs	33,838	43,248	29,833	106,919
Transportation	8,704	11,367	4,206	24,277
Total, December 31, 2022	$ 173,221	$ 242,460	$ 66,086	$ 481,767

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

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Year ended December 31, 2022

On January 24, 2022, 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.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

b) Issued share capital (cont'd…)

Year ended December 31, 2022 (cont'd…)

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 ("Agent Warrants") to acquire up to 556,713 Units at a price per Unit of $0.30 until January 24, 2023 (expired unexercised subsequent to December 31, 2022) . The Agent Warrants were valued at $108,502 using the following assumptions: risk-free interest rate of 1.24%, expected volatility of 101.79%, expected life of 1 year, and expected dividend yield of 0%.

The Company incurred additional share issue costs of $207,270 of which $174,550 had been recorded as deferred financing costs as at December 31, 2021.

Year ended December 31, 2021

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

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, 2020 and 2021	3,150,000	$ 0.12
Granted	775,000	0.21
Balance outstanding and exercisable, December 31, 2022	3,925,000	$ 0.14

Stock options outstanding as at December 31, 2022:

	Number	Exercise price	Expiry date
Stock Options	525,000	$ 0.21	February 14, 2025
	3,150,000	$ 0.12	July 31, 2025
	250,000	$ 0.20	December 1, 2027
	3,925,000		

d) Share-based payments

During the year ended December 31, 2022, the Company granted 525,000 stock options with a fair value of $0.13 per option and 250,000 stock options with a fair value of $0.16 per option.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

d) Share-based payments (cont'd…)

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

	2022	2021
Share price on grant date	$0.21	-
Risk-free interest rate	2.06%	-
Expected life of options	3.65 years	-
Expected annualized volatility	107.99%	-
Dividend rate	-	-
Forfeiture rate	-	-

The Black-Scholes option valuation 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 107.99%. The risk-free interest rate was determined based on benchmark bond yields for the expected life per Bank of Canada.

e) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2020 and 2021	6,138,593	$	0.12
Issued	10,190,045		0.49
Balance outstanding and exercisable, December 31, 2022	16,328,638	$	0.35

Warrants outstanding as at December 31, 2022:

Number of Warrants		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
556,713	$	0.30	January 24, 2023[(1)]	0.07
5,638,593	$	0.12	July 17, 2023	0.54
500,000	$	0.12	August 10, 2023	0.61
9,633,332	$	0.50	January 24, 2025	2.07
16,328,638				1.43

[(1)] Agent Warrants to acquire Units which are comprised of one common share and one share purchase warrant exercisable at a price of $0.50 until January 23, 2025. Such warrants were not exercised and expired subsequent to December 31, 2022.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

f) Escrow Shares

The Company had the following securities in escrow as at December 31, 2022:

- 5,814,585 common shares
- 718,750 warrants
- 975,000 stock options

Securities subject to the Escrow Agreement will be released pro rata to the holders as to 10% on the January 24, 2022 and as to the remainder in six equal tranches of 15% every nine 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.

8. RELATED PARTY TRANSACTIONS

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		2022		2021
Administration, marketing and investor relations	$	35,000	$	15,000
Consulting fees	$	42,000	$	42,000
Directors' fees	$	45,331	$	-
Exploration and evaluation expenditures	$	160,570	$	54,598
Management fees	$	131,750	$	96,000

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

As at December 31, 2022, the Company has $13,697 (2021 - $45,648) owed to a Company controlled by a common director, and $11,025 (2021 - $nil) owed to a company in which the CFO is an associate included in accounts payable and accrued liabilities. The balances owing are non-interest bearing, unsecured and payable on demand.

As at December 31, 2022, the Company owed $4,600 included in accounts payable and accrued liabilities (2021 - $4,600) to Lords & Company Worldwide Holdings Inc. ("Lords") (formerly Pac Roots Cannabis Corp.) a company in which the CEO is a former officer. The balance owing is non-interest bearing, unsecured and payable on demand.

During the year ended December 31, 2022, the Company repaid a loan payable owing to a family member of the CEO.

(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% (2021 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

	2022	2021
Income before income tax	$ (1,389,081)	$ (511,896)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	$ (375,000)	$ (138,000)
Foreign income tax rate difference, change in foreign exchange rates and other	(8,000)	(4,000)
Permanent differences	(75,000)	(1,000)
Changes in benefits not recognized	458,000	143,000
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:

	2022	2021
Deferred exploration and evaluation	$ 189,000	$ 95,000
Non-capital losses	767,000	532,000
Share issue costs and other	112,000	3,000
Unrecognized income tax assets	$ 1,068,000	$ 630,000

As at December 31, 2022, the Company has Canadian non-capital losses of $2,669,000 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, 2042.

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 $1,351,751 at December 31, 2022 (2021 - $146,594). 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, 2022, the Company had working capital of $1,464,336 (2021 - working capital deficiency of $39,144). 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 risk of further increases in interest rates is considered low after the significant interest rate escalation observed during the year. As at December 31, 2022, 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, 2022, the Company held cash of US$34,000. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately $3,100. 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 $2,413,134 (2021 - $1,206,604). 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 period ended December 31, 2022.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the Company acquired additional ground contiguous to its Esperanza project as follows:

a) The Company finalized a property transfer agreement with Compañía Minera Ares S.A.C. ("Ares") to acquire 300 hectares contiguous with the existing concessions in the northern area of the Esperanza project. The property was transferred to Amaru, with Ares retaining a 0.5% NSR, subject to a buyback by Amaru for US$500,000.

b) The Company, through Amaru, also staked an additional claims block of 1,000 hectares in the adjacent area to the northeast of the Esperanza project.