FORTE
MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements, they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

		September 30, 2023		December 31, 2022
ASSETS				
Current				
Cash	$	451,999	$	1,346,218
Accounts receivable		27,755		9,816
Prepaid expenses		134,135		46,200
Notes receivable (Note 4)		1,836		126,979
		615,725		1,529,213
Exploration and evaluation assets (Note 6)		948,798		948,798
Total assets	$	1,564,523	$	2,478,011
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 8)	$	106,732	$	64,877
		106,732		64,877
Shareholders' equity				
Share capital (Note 7)		6,518,564		6,608,564
Accumulated other comprehensive income (loss)		(30,150)		(15,222)
Reserves		564,163		543,629
Deficit		(5,594,786)		(4,723,837)
		1,457,791		2,413,134
Total liabilities and shareholders' equity	$	1,564,523	$	2,478,011

Nature of operations and going concern (Note 1)

Approved and authorized by the Board on November 29, 2023.

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

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

FORTE MINERALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
EXPENSES				
Consulting (Note 8)	$ 10,500	$ 10,500	$ 31,500	$ 31,500
Corporate development	7,500	25,000	26,000	66,667
Directors' fees (Note 8)	16,000	12,000	48,000	31,998
Exploration and evaluation expenditures (Notes 6 and 8)	121,868	126,055	333,268	381,368
Foreign exchange	(8,572)	39,173	(8,546)	36,805
Investor relations (Note 8)	21,118	23,557	50,375	76,602
Listing expenses	7,677	7,154	23,397	59,789
Management fees (Note 8)	33,750	33,750	101,250	98,000
Marketing (Note 8)	55,078	36,186	82,281	111,424
Office and administration (Note 8)	12,876	16,093	43,405	57,047
Professional fees	19,792	19,169	95,193	59,566
Share-based payments (Notes 7 and 8)	-	10,351	-	67,787
Transfer agent and filing fees	7,756	4,127	28,555	28,523
Travel	1,323	11,606	12,628	24,766
Total expenses	(306,666)	(374,721)	(867,306)	(1,131,842)
Other income				
Recovery of accounts payable	-	-	-	12,571
Interest income (write-off) (Note 4)	(2,630)	8,843	16,891	15,189
	(2,630)	8,843	16,891	27,760
Net loss	(309,296)	(365,878)	(850,415)	(1,104,082)
Other comprehensive loss				
Foreign exchange on translation	(11,816)	39,053	(14,928)	32,699
Comprehensive loss for the period	$ (321,112)	$ (326,825)	$ (865,343)	$ (1,071,383)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding basic and diluted	36,158,658	36,761,920	36,558,662	35,915,034

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

FORTE MINERALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

		2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	(850,415)	$	(1,104,082)
Items not involving the use of cash:				
Unrealized foreign exchange		651		-
Interest (income) write-off		5,143		(1,831)
Share-based payments		-		67,787
Recovery of accounts payable		-		(12,571)
Changes in working capital items:				
Accounts receivable		(17,979)		(5,161)
Accounts payable and accrued liabilities		41,848		(14,333)
Prepaid expenses		(87,934)		(93,358)
Net cash used in operating activities		(908,686)		(1,163,549)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Initial Public Offering (Note 7)		-		2,875,000
Share issue costs paid		-		(292,995)
Loan repayment		-		(18,040)
Repayment of notes receivable (Note 4)		30,000		-
Net cash provided by financing activities		30,000		2,563,965
Effect of foreign exchange on cash		(15,533)		32,504
Change in cash for the period		(894,219)		1,432,920
Cash, beginning of period		1,346,218		142,835
Cash, end of period	$	451,999	$	1,575,755
Non-cash investing and financing activities:	$			
Agent's warrants issued as share issue costs		-	$	108,502
Reclassification on expiry of stock options		20,534		-
Shares returned to treasury on expiry of notes receivable		90,000		-

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

FORTE MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Share Capital		Accumulated Other Comprehensive Loss	Reserves	Deficit	Total
	Number	Amount				
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	-	-	-	67,787	-	67,787
Comprehensive loss for the period	-	-	32,699	-	(1,104,082)	(1,071,383)
Balance, September 30, 2022	36,761,919	$ 6,608,564	$ 9,303	$ 499,695	$ (4,438,838)	$ 2,678,724
Share-based payments	-	-	-	43,934	-	43,934
Comprehensive loss for the period	-	-	(24,525)	-	(284,999)	(309,524)
Balance, December 31, 2022	36,761,919	$ 6,608,564	$ (15,222)	$ 543,629	$ (4,723,837)	$ 2,413,134
Shares returned to treasury	(750,000)	(90,000)				(90,000)
Reclassification on expiry of stock options				20,534	(20,534)	-
Comprehensive loss for the period	-	-	(14,928)	-	(850,415)	(865,343)
Balance, September 30, 2023	36,011,919	$ 6,518,564	$ (30,150)	$ 564,163	$ (5,594,786)	$ 1,457,791

The accompanying notes are an integral part of these condensed consolidated interim 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 condensed consolidated interim 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 $508,993 and had an accumulated deficit of $5,594,786 as at September 30, 2023. The Company reported a net loss of $850,415 for the nine months ended September 30, 2023. 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.

The Company's business financial condition and results of operations may be 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, and the recent conflict in the Gaza region. The Company has not experienced any direct impact of the pandemic or the wars in Ukraine and Gaza 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 condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statement, including IAS 34, Interim Financial Reporting. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation and presentation

The condensed consolidated interim 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.

These condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

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 was comprised of one common share ("Unit Share") and one-half purchase warrant. Each warrant entitled the holder to purchase a further common share at a price of $0.20 per share until August 10, 2023 (extended to August 10, 2024 in the current period). The interest on the principal amount was at a rate of 2.00% per annum. The Promissory Notes were secured by the Unit Shares which were held in escrow, to be released proportionate to the principal balance of Promissory Notes repaid. If the Promissory Notes were not repaid in full by July 10, 2023, the remaining securities held in escrow would be cancelled.

The terms of each Promissory Note provided 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 could have elected 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 had 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 on July 10, 2021, but before the second anniversary date of the Promissory Note on July 10, 2022, the Payor had 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 had 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 were due from the CEO, a current director, the current corporate secretary, and a consultant.

During the period ended September 30, 2023, one Promissory Note was repaid in full and the remaining three Promissory Notes were cancelled, resulting in the return to treasury of 750,000 Units.

	September 30, 2023	December 31, 2022
Balance, beginning of period	$ 126,979	$ 123,567
Capitalized interest	-	2,222
Interest receivable	1,307	1,190
Note repaid	(30,000)	-
Note cancelled	(90,000)	-
Reverse interest	(6,449)	-
Balance, end of period	$ 1,836	$ 126,979

5. LOANS PAYABLE

Loans payable	
Balance, December 31, 2021	$ 17,748
Repayment	(18,040)
Foreign exchange	292
Balance, December 31, 2022 and September 30, 2023	$ -

The amounts were owed 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.

(Expressed in Canadian Dollars)

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

Mineral Property Interests

Details of mineral property balances are as follows:

Exploration and evaluation assets	September 30, 2023	December 31, 2022
Don Gregorio, Peru	$ 126,510	$ 126,510
Esperanza Project, Peru	374,606	374,606
Pucarini Project, Peru	447,682	447,682
Total	$ 948,798	$ 948,798

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 completing a first phase drill program ("First Phase Drill Program"); and
    c. US$200,000 within 60 days of completing 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 September 30, 2023, 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.

(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. Cordillera also owns the Alto Ruri project.

Exploration expenditures

The Company expended the following exploration and evaluation expenditures:

For the nine months ended September 30, 2023	Esperanza, Peru	Pucarini, Peru	Don Gregorio, Peru	Total
Assay	$ -	$ 30,499	$ -	$ 30,499
Camp	2,188	6,380	-	8,568
Community relations	22,419	51,992	48,781	123,192
Field office and wages	30,588	46,283	19,172	96,043
Geological	-	4,447	-	4,447
Property costs	23,886	25,141	-	49,027
Transportation	4,682	1,017	15,793	21,492
Total, September 30, 2023	$ 83,763	$ 165,759	$ 83,746	$ 333,268

For the nine months ended September 30, 2022	Esperanza, Peru	Pucarini, Peru	Don Gregorio, Peru	Total
Assay	$ 1,289	$ 11,974	$ -	$ 13,263
Camp costs	14,200	27,162	-	41,362
Community relations	31,443	45,912	-	77,355
Field office	61,042	42,024	3,639	106,705
Geological	2,781	16,640	-	19,421
Property costs	33,539	42,865	29,569	105,973
Transportation	8,068	9,221	-	17,289
Total, September 30, 2022	$ 152,362	$ 195,798	$ 33,208	$ 381,368

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Nine months ended September 30, 2023

The Company did not complete any private placements in the nine months ended September 30, 2023.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

b) Issued share capital (cont'd…)

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.

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). 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.

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, 2021	3,150,000	$ 0.12
Granted	775,000	0.21
Balance, December 31, 2022	3,925,000	$ 0.14
Expired	(200,000)	0.12
Balance outstanding and exercisable, September 30, 2023	3,725,000	0.14

Stock options outstanding as at September 30, 2023:

	Number	Exercise price	Expiry date
Stock Options	525,000	$ 0.21	February 14, 2025
	2,950,000	$ 0.12	July 31, 2025
	250,000	$ 0.20	December 1, 2027
	3,725,000		

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

d) Share-based payments

During the nine months ended September 30, 2023, the Company granted nil (2022 - 525,000) stock options with a fair value of $nil (2022 - $0.13) per option.

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

	2023		2022
Share price on grant date	-	$	0.21
Risk-free interest rate	-		1.59%
Expected life of options	-		3 years
Expected annualized volatility	-		104.08%
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 104.08%. 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, 2021	6,138,593	$	0.12
Issued	10,190,045		0.49
Balance, December 31, 2022	16,328,638	$	0.35
Expired/cancelled	(931,713)		0.23
Balance outstanding and exercisable, September 30, 2023	15,396,925	$	0.36

Warrants outstanding as at September 30, 2023:

Number of Warrants		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
5,638,593	$	0.12	July 17, 2024(i)	0.80
125,000	$	0.12	August 10, 2024(ii)	0.86
9,633,332	$	0.50	January 23, 2025	1.32
15,711,925				1.12

i) During the period ended September 30, 2023, the Company extended the term of the warrants by one year to July 17, 2024.
ii) During the period ended September 30, 2023, the Company extended the term of the warrants by one year to August 10, 2024; in addition, 375,000 warrants under escrow were cancelled pursuant to the cancellation of Promissory Notes (Note 4).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

f) Escrow Shares

The Company had the following securities in escrow as at September 30, 2023:

- 3,113,753 common shares
- 262,500 warrants
- 585,000 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.

During the period ended September 30, 2023, 750,000 common shares and 375,000 share purchase warrants remaining in escrow were returned to treasury and cancelled pursuant to the cancellation of Promissory Notes (Note 4).

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	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Administration, marketing and investor relations	$ 29,000	$ 26,000
Consulting fees	$ 31,500	$ 31,500
Directors' fees	$ 48,000	$ 31,998
Exploration and evaluation expenditures	$ 97,003	$ 117,017
Management fees	$ 101,250	$ 98,000

The Company had certain Promissory Notes due from related parties (Note 4), which were settled during the period ended September 30, 2023.

As at September 30, 2023, the Company owed $48,321 (December 31, 2022 - $13,697) to a Company controlled by a common director, $4,000 (December 31, 2022 - $nil) to a director, and $3,728 (December 31, 2022 - $11,025) 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 September 30, 2023, the Company owed $4,600 included in accounts payable and accrued liabilities (December 31, 2022 - $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.

9. 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 $462,790 at September 30, 2023 (December 31, 2022 - $1,351,751). 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 the credit risk with respect to these amounts to be low.

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 September 30, 2023, the Company had working capital of $345,267 (December 31, 2022 - $1,464,336). 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 September 30, 2023, 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 September 30, 2023, the Company held cash of US$42,033. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately $3,821. Foreign currency risk will have an impact on the Company's net loss and net financial instruments.

10. 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 $1,457,791 (December 31, 2022 - $2,413,134). The Company manages its capital structure to maximize its financial flexibility to adjust to changes 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 September 30, 2023.