



CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITOR'S 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 statements of financial position as at December 31, 2025 and 2024;
- ◆ the consolidated statements of loss and comprehensive loss for the years then ended;
- ◆ the consolidated statements of changes in shareholders' equity for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended; and
- ◆ the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

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, 2025. 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.

We have determined that there are no key audit matters to communicate in our auditor's 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 audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

We obtained Management's Discussion and Analysis prior to the date of this auditor's 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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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.

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- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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.
- ◆ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 30, 2026

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
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F: 604 357 1376

FORTE MINERALS CORP.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31,

	2025	2024
EXPENSES		
Consulting (Note 6)	\$ 90,159	\$ 43,500
Corporate development	68,546	53,092
Directors' fees (Note 6)	64,946	64,000
Exploration and evaluation expenditures (Notes 4 and 6)	1,410,562	480,468
Foreign exchange	381,268	2,070
Investor relations (Note 6)	172,452	127,247
Listing expenses	35,577	34,513
Management fees (Note 6)	202,500	135,000
Marketing (Note 6)	92,767	139,153
Office and administration (Note 6)	80,730	52,617
Professional fees	107,370	91,729
Salaries and wages	21,910	-
Share-based payments (Notes 5 and 6)	2,029,326	230,429
Transfer agent and filing fees	14,081	35,189
Travel	<u>154,002</u>	<u>25,516</u>
Total expenses	(4,926,196)	(1,514,523)
Other income (expenses)		
Interest income	109,254	19,073
Loss on settlement of accounts payable (Note 5)	-	(19,810)
Write-off of mineral properties (Note 4)	<u>-</u>	<u>(126,510)</u>
	109,254	(127,247)
Net loss	<u>(4,816,942)</u>	<u>(1,641,770)</u>
Other comprehensive loss		
Foreign exchange on translation	<u>(51,295)</u>	<u>5,580</u>
Comprehensive loss for the year	\$ (4,868,237)	\$ (1,636,190)
Basic and diluted loss per common share	\$ (0.09)	\$ (0.04)
Weighted average number of common shares outstanding		
basic and diluted	54,555,103	42,406,322

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,

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (4,816,942)	\$ (1,641,770)
Items not involving the use of cash		
Loss on settlement of accounts payable	-	19,810
Share-based payments	2,029,326	230,429
Unrealized foreign exchange	(118)	875
Write-off of mineral properties	-	126,510
Changes in working capital items		
Accounts receivable	(26,585)	(11,452)
Accounts payable and accrued liabilities	137,488	176,297
Prepaid expenses	<u>(52,259)</u>	<u>26,734</u>
Net cash used in operating activities	<u>(2,729,090)</u>	<u>(1,072,567)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Mineral property acquisition costs	<u>-</u>	<u>(36,447)</u>
Net cash provided by investing activity	<u>-</u>	<u>(36,447)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	14,712,613	1,790,600
Share issuance costs	(160,682)	(102,483)
Proceeds from exercise of warrants	69,900	387,500
Proceeds from exercise of stock options	<u>339,875</u>	<u>-</u>
Net cash provided by financing activities	<u>14,961,706</u>	<u>2,075,617</u>
Effect of foreign exchange on cash	<u>(58,434)</u>	<u>3,774</u>
Change in cash for the year	<u>12,174,182</u>	<u>970,377</u>
Cash, beginning of year	<u>1,124,439</u>	<u>154,062</u>
Cash, end of year	<u>\$ 13,298,621</u>	<u>\$ 1,124,439</u>
Non-cash investing and financing activities:		
Reclassification on expiry of stock options	\$ 19,111	\$ 116,691
Reclassification on exercise of warrants	\$ 3,130	\$ -
Reclassification on exercise of stock options	\$ 277,923	\$ -
Prepaid expenses reclassified to mineral property	\$ -	\$ 33,860
Shares issued for mineral property	\$ -	\$ 750,000
Share issuance costs in accounts payable and accrued liabilities	\$ 6,369	\$ -
Issuance of broker warrants	\$ 37,168	\$ 41,137
Accounts payable settled through issuance of shares	\$ -	\$ 56,600
Recognition of asset retirement obligation	\$ 59,703	\$ -

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)

	<u>Share Capital</u>		Accumulated Other Comprehensive Loss	Reserves	Deficit	Total Shareholders' Equity
	Number	Amount				
Balance, December 31, 2023	36,011,919	\$ 6,518,564	\$ (28,972)	\$ 388,926	\$ (5,715,836)	\$ 1,162,682
Private placement	8,953,000	1,790,600	-	-	-	1,790,600
Share issuance costs	-	(143,620)	-	41,137	-	(102,483)
Shares issued on exercise of warrants	1,937,500	387,500	-	-	-	387,500
Shares issued for debt	283,000	76,410	-	-	-	76,410
Shares issued for mineral property	3,000,000	750,000	-	-	-	750,000
Reclassification on expiry of stock options	-	-	-	(116,691)	116,691	-
Share-based payments	-	-	-	230,429	-	230,429
Comprehensive loss for the year	-	-	5,580	-	(1,641,770)	(1,636,190)
Balance, December 31, 2024	50,185,419	\$ 9,379,454	\$ (23,392)	\$ 543,801	\$ (7,240,915)	\$ 2,658,948
Private placement	20,083,459	14,712,613	-	-	-	14,712,613
Share issuance costs	-	(204,219)	-	37,168	-	(167,051)
Shares issued on exercise of warrants	170,500	73,030	-	(3,130)	-	69,900
Shares issued on exercise of stock options	2,607,500	617,798	-	(277,923)	-	339,875
Reclassification on expiry of stock options	-	-	-	(19,111)	19,111	-
Share-based payments	-	-	-	2,029,326	-	2,029,326
Comprehensive loss for the year	-	-	(51,295)	-	(4,816,942)	(4,868,237)
Balance, December 31, 2025	73,046,878	\$ 24,578,676	\$ (74,687)	\$ 2,310,131	\$ (12,038,746)	\$ 14,775,374

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

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. NATURE OF OPERATIONS

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 1005 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. 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 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 had an accumulated deficit of \$12,038,746 as at December 31, 2025 (2024 - \$7,240,915) and reported a net loss of \$4,816,942 for the year then ended (2024 - \$1,641,770). 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.

The Company estimates it has sufficient funds to operate for the ensuing 12 months.

The Company’s business financial condition and results of operations may be negatively affected by economic and other consequences from recent geopolitical conflicts; however, the Company has not experienced any direct impact of such conflicts 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 have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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.

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.

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

2. BASIS OF PREPARATION (cont'd...)

Basis of consolidation and presentation (cont'd...)

Subsidiaries are 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.

Subsidiaries are 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.

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.

Judgments

- 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.

Estimates

- 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 as of December 31, 2025.

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Use of judgments and estimates (cont'd...)

Estimates (cont'd...)

- Environmental rehabilitation obligation

The Company recognizes statutory, contractual, or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

- 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.

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);
- All resulting exchange differences are recognized as a separate component of equity; and
- Transactions incurred in a foreign currency other than the functional currency are translated into the functional currency at the exchange rate in effect at the date of the transaction, with resulting exchange difference recognized in profit or loss.

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.

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Exploration and evaluation (cont'd...)

All costs related to the acquisition of mineral properties, including option payments and environmental rehabilitation obligations, 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.

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

3. MATERIAL 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 and accounts 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.

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.

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

3. MATERIAL 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.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that 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 as of the date of issuance, 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 model, is recognized as share issuance costs, with the offsetting credit to reserves. 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 reserves to share capital. When stock options, whether vested or unvested, are cancelled or expire, the initial recorded value is reversed from reserves and credited to deficit.

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.

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

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 consolidated financial statements. Additionally, all of its non-current assets are located in Peru, as detailed in Note 4.

New accounting standards

The accounting policy information disclosed in notes 2 and 3 reflects the Company's material accounting policies.

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18"), replacing IAS 1. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

The Company has reviewed other new and revised accounting pronouncements that have been issued but are not yet effective, and has determined that these updates are not applicable or consequential to the Company and have been excluded from discussion within these material accounting policies.

4. 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.

Mineral property interests

Details of mineral property balances are as follows:

Exploration and evaluation assets	December 31, 2024	Asset retirement obligation	December 31, 2025
Esperanza Project, Peru	374,606	-	374,606
Pucarini Project, Peru	447,682	59,703	507,385
Alto Ruri, Peru	33,860	-	33,860
Miscanthus, Peru	786,447	-	786,447
Total	\$ 1,642,595	\$ 59,703	\$ 1,702,298

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**4. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Mineral property interests (cont'd...)**

Exploration and evaluation assets	December 31, 2023	Acquisition costs	Impairment	December 31, 2024
Don Gregorio, Peru	\$ 126,510	\$ -	\$ (126,510)	\$ -
Esperanza Project, Peru	374,606	-	-	374,606
Pucarini Project, Peru	447,682	-	-	447,682
Alto Ruri, Peru	-	33,860	-	33,860
Miscanthus, Peru	-	786,447	-	786,447
Total	\$ 948,798	\$ 820,307	\$ (126,510)	\$ 1,642,595

Don Gregorio, Peru

The Company had an option to acquire a 60% interest on the Don Gregorio project from Alta Copper Corp. (“Alta Copper”, formerly Candente Copper Corp.). The property is a gold and copper prospect in northern Peru. To maintain the option on the property, the Company paid US\$98,500 with further obligations as follows:

- 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 Alta Copper 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, Alta Copper and the Company would have formed a joint venture of 40% and 60% participating interest respectively.

As at December 31, 2024, the Company decided not to pursue this project due to a halt in the community relations and permitting process resulting from local unrest, which resulted in the recognition of an impairment loss of \$126,510 in accordance with Level 3 of the fair value hierarchy. A value in use calculation is not applicable as management has decided to terminate the option agreement and return the property. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than \$nil. Management recorded a provision of \$89,198 (included in accounts payable and accrued liabilities at December 31, 2024 and settled during the year ended December 31, 2025) pursuant to the termination clause in the agreement with Alta Copper whereby the Company is required to keep the project in good standing for one year from termination.

On March 27, 2025, the Company entered into an agreement with Alta Copper to terminate the option agreement on the Don Gregorio project.

FORTE MINERALS CORP.

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**4. EXPLORATION AND EVALUATION ASSETS (cont'd...)****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 100% of the claims at the Esperanza copper project. The project is subject to a 1% net smelter royalty (“NSR”).

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

During the year ended December 31, 2023, the Company acquired an additional 300 hectares of concession, contiguous to the north of the existing Esperanza concessions, from Compañía Minera Ares S.A.C. in exchange for a 0.5% NSR and subject to a US\$500,000 buyback. The Company also staked an additional 1,000-hectare block of claims to the northeast and contiguous with the main Esperanza property.

As at December 31, 2025, the Company has recorded an asset retirement obligation of \$59,703 (US\$43,560) on the Pucarini project, representing undiscounted estimated future cash flows for reclamation work expected to occur in the first half of 2026.

Alto Ruri, Peru

During the year ended December 31, 2024, the Company completed the acquisition of the Alto Ruri and Cerro Quillo prospects from GlobeTrotters. These prospects were transferred to Cordillera in exchange for a one-time cash payment of US\$25,000 (\$33,860). The concessions are subject to a 1.0% NSR held by Compañía Minera Ares S.A.C.

Miscanthus, Peru

During the year ended December 31, 2024, the Company acquired the Miscanthus property from GlobeTrotters, by making a one-time cash payment of US\$27,000 (\$36,447) for reimbursement of holding costs and expenditures, issuing 3,000,000 common shares with a fair value of \$0.25 per share (total fair value of \$750,000), and granting a 1.0% NSR to GlobeTrotters.

Exploration expenditures

The Company expended the following exploration and evaluation expenditures:

For the year ended December 31, 2025	Esperanza, Peru	Pucarini, Peru	Don Gregorio, Peru	Alto Ruri, Peru	Miscanthus, Peru	Total
Assay	\$ -	\$ 22,653	\$ -	\$ -	\$ -	\$ 22,653
Camp	4,764	33,134	-	4,944	1,686	44,528
Community relations	11,111	170,140	-	39,593	2,662	223,506
Drilling	-	699,898	-	-	-	699,898
Field office and wages	5,342	140,706	1,806	15,467	2,082	165,403
Geological	4,453	76,523	-	2,607	1,120	84,703
Property fee	53,660	48,213	-	18,402	16,736	137,011
Transportation	251	25,945	-	4,968	1,696	32,860
Total, December 31, 2025	\$ 79,581	\$ 1,217,212	\$ 1,806	\$ 85,981	\$ 25,982	\$ 1,410,562

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**4. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Exploration expenditures (cont'd...)**

For the year ended December 31, 2024	Esperanza, Peru	Pucarini, Peru	Don Gregorio, Peru	Alto Ruri, Peru	Miscanthus, Peru	Total
Assay	\$ -	\$ -	\$ -	\$ -	\$ 5,224	\$ 5,224
Camp	3,601	10,656	-	1,525	9,442	25,224
Community relations	14,345	39,184	5,815	13,216	2,721	75,281
Field office and wages	13,619	43,421	17,814	14,659	8,051	97,564
Geological	127	12,643	-	2,590	18,291	33,651
Property fee	15,122	53,176	123,187	19,608	16,590	227,683
Transportation	1,449	8,446	1,356	2,155	2,435	15,841
Total, December 31, 2024	\$ 48,263	\$ 167,526	\$ 148,172	\$ 53,753	\$ 62,754	\$ 480,468

5. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Year ended December 31, 2025

On June 13, 2025, the Company completed a non-brokered private placement, issuing 6,725,000 units at a price of \$0.40 per unit for total proceeds of \$2,690,000. Each unit consisted of one common share and one-half of a common share purchase warrant. Each warrant is exercisable at a price of \$0.60 per share until June 13, 2027. The Company paid cash finder's fees totaling \$97,120 and issued 231,550 finder's warrants, having the same terms as the investor warrants and a fair value of \$37,168. The fair value of the finder's warrants granted was estimated using the Black-Scholes option pricing model with the assumptions of grant day share price of \$0.27, exercise price of \$0.30, expected life of 2.0 years, expected volatility of 66.05%, risk-free interest rate of 4.02%, and an expected dividend yield of 0.00%. The Company also incurred other share issuance costs of \$23,875.

On July 23, 2025, the Company completed a non-brokered private placement with a strategic investor of 6,326,066 common shares at a price of \$0.90 per share for gross proceeds of \$5,693,459. The Company incurred related share issuance costs of \$39,268.

On November 3, 2025, the Company completed a non-brokered private placement with a second strategic investor of 6,333,333 common shares at a price of \$0.90 per share for gross proceeds of \$5,700,000. In accordance with the investor rights agreement dated July 23, 2025 with the first strategic investor, the first strategic investor exercised its right to maintain its existing ownership position by acquiring 699,060 common shares at \$0.90 per share for additional gross proceeds of \$629,154, for total aggregate gross proceeds of \$6,329,154. The Company incurred related share issuance costs of \$6,788.

During the year ended December 31, 2025, the Company issued an aggregate of 170,500 common shares upon the exercise of warrants at a weighted average exercise price of \$0.41 per share, for total gross proceeds of \$69,900, and issued an aggregate of 2,607,500 common shares upon the exercise of stock options at a weighted average exercise price of \$0.13 per share, for total gross proceeds of \$339,875.

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

5. SHARE CAPITAL (cont'd...)

b) Issued share capital (cont'd...)

Year ended December 31, 2024

On June 26, 2024, the Company completed a non-brokered private placement, issuing 8,953,000 units at a price of \$0.20 per unit for total proceeds of \$1,790,600. Each unit consisted of one common share and one-half of a common share purchase warrant. Each warrant is exercisable at a price of \$0.30 per share until June 26, 2026. The Company paid cash finder's fees totaling \$86,736 and issued 433,680 finder's warrants, having the same terms as the investor warrants and a fair value of \$41,137. The Company also incurred other share issuance costs of \$15,747.

On July 9, 2024, the Company issued 283,000 common shares to settle aggregate debt of \$56,600 at a deemed price of \$0.20 per common share. This settlement includes \$34,000 owed to officers and directors of the Company and \$22,600 owed to an arm's length party. As the fair value of the shares issued was determined to be \$76,410 based on a market price of \$0.27 per common share, the Company recognized a loss on settlement of accounts payable of \$19,810 in profit or loss for the year ended December 31, 2024.

On October 30, 2024, the Company issued 3,000,000 common shares at a fair value of \$750,000 to acquire the Miscanthus property in Peru (Note 4).

During the year ended December 31, 2024, the Company issued an aggregate of 1,937,500 common shares upon the exercise of warrants at a weighted average price of \$0.20 per share, for total gross proceeds of \$387,500.

c) Omnibus Incentive Plan

The Company has adopted an Omnibus Share Incentive Plan (the "Plan") which authorizes the Board of Directors to issue a variety of equity-based awards that provide different types of incentives to be granted to the Company's directors, officers, employees, and consultants. The Plan provides that the maximum number of common shares that may be reserved and available for issuance under the Plan and all of Company's other equity incentive plans or compensation arrangements in existence from time to time on and after the effective date of the Plan, will be 10% of the total issued and outstanding common shares from time to time. The exercise price of each stock option shall not be less than the market price of the Company's shares as calculated on the date of grant. An option's maximum term is ten years and shall vest as determined by the Board of Directors. If any award expires, is cancelled, otherwise terminated for any reason without having been exercised in full, or is settled in cash, the number of common shares in respect of which such award was not exercised will again be available for issuance under the Plan.

The Plan allows for the grant of stock options, restricted share units ("RSU"), performance share units ("PSU"), and deferred share units ("DSU"). As at December 31, 2025, the Company has not granted any RSU, PSU, or DSU instruments.

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**5. SHARE CAPITAL (cont'd...)**

d) Stock options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2023	3,475,000	\$ 0.14
Granted	1,617,000	0.22
Expired	<u>(925,000)</u>	<u>0.18</u>
Balance, December 31, 2024	4,167,000	\$ 0.16
Granted	4,500,000	0.78
Exercised	(2,607,500)	0.13
Expired	<u>(75,000)</u>	<u>0.48</u>
Balance outstanding, December 31, 2025	5,984,500	\$ 0.65
Balance exercisable, December 31, 2025	5,959,500	\$ 0.64

Stock options outstanding and exercisable as at December 31, 2025:

	Number outstanding	Number exercisable	Exercise price	Expiry date
Stock Options	250,000	250,000	\$ 0.20	December 1, 2027
	1,309,500	1,309,500	\$ 0.22	October 29, 2029
	150,000	150,000	\$ 0.475	May 15, 2030
	1,450,000	1,450,000	\$ 0.80	August 5, 2030
	2,675,000	2,675,000	\$ 0.78	October 10, 2030
	<u>150,000</u>	<u>125,000</u>	\$ 1.17	November 3, 2030
	5,984,500	5,959,500		

e) Share-based payments

During the year ended December 31, 2025, the Company granted an aggregate of 4,500,000 stock options, including 225,000 stock options exercisable at \$0.475 per share with a fair value of \$0.25 per option, 1,450,000 stock options exercisable at \$0.80 per share with a fair value of \$0.46, 2,675,000 stock options exercisable at \$0.78 per share with a fair value of \$0.45, and 150,000 stock options exercisable at \$1.17 per share with a fair value of \$0.69. During the year ended December 31, 2024, the Company granted 1,617,000 stock options with a fair value of \$0.15 per option.

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**5. SHARE CAPITAL (cont'd...)**

e) 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 years ended December 31, 2025 and 2024:

	2025	2024
Share price on grant date	\$ 0.78	\$ 0.25
Risk-free interest rate	2.81%	3.04%
Expected life of options	5.0 years	5.0 years
Expected annualized volatility	67.03%	66.9%
Dividend rate	-	-
Forfeiture rate	-	-

Volatility has been calculated based on the historical volatility of the Company's common shares. Interest rates represent rates from the Bank of Canada on bonds with a similar term. The dividend yield represents the expected dividends to be paid by the Company.

f) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2023	15,396,925	\$ 0.38
Issued	4,910,180	0.30
Exercised	(1,937,500)	0.20
Expired	(3,826,093)	0.20
Balance, December 31, 2024	14,543,512	\$ 0.43
Issued	3,594,050	0.60
Exercised	(170,500)	0.41
Expired	(9,633,332)	0.50
Balance outstanding, December 31, 2025	8,333,730	\$ 0.43

Warrants outstanding as at December 31, 2025:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
4,802,180	\$ 0.30	June 26, 2026	0.48
3,531,550	\$ 0.60	June 13, 2027	1.45

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5. SHARE CAPITAL (cont'd...)

g) Escrow Shares

Securities subject to the Escrow Agreement were released pro rata to the holders as to 10% on 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 were only to be released on the later of the date permitted by the Escrow Agreement or the Management Escrow Agreement.

During the year ended December 31, 2024, 2,075,832 common shares, 175,000 warrants, and 390,000 stock options were released from escrow. The remaining 1,037,921 common shares, 87,500 warrants, and 195,000 stock options were released from escrow on January 21, 2025.

6. RELATED PARTY TRANSACTIONS

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 years ended	
	December 31, 2025	December 31, 2024
Administration, marketing, and investor relations	\$ 75,000	\$ 60,000
Consulting fees	\$ 48,000	\$ 43,500
Directors' fees	\$ 64,946	\$ 64,000
Exploration and evaluation expenditures	\$ 109,753	\$ 137,710
Management fees	\$ 202,500	\$ 135,000
Share-based payments	\$ 1,182,067	\$ 157,974

As at December 31, 2025, included in accounts receivable is \$1,584 (2024 - \$nil) owing from related parties for withholding tax on stock option exercises. As at December 31, 2025, included in accounts payable and accrued liabilities are \$24,462 (2024 - \$18,235) owing to a company controlled by a common director, \$4,967 (2024 - \$8,200) owing to directors, and \$nil (2024 - \$4,253) owing to a company in which the CFO is an associate. The balances owing are non-interest bearing, unsecured, and payable on demand.

As at December 31, 2025, the Company owed \$4,600, included in accounts payable and accrued liabilities, (2024 - \$4,600), to Lords & Company Worldwide Holdings Inc. (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.

7. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2024 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

	2025	2024
Income before income tax	\$ (4,816,945)	\$ (1,641,773)
Statutory income tax rate	<u>27.00%</u>	<u>27.00%</u>
Expected income tax recovery	\$ (1,301,000)	\$ (443,000)
Foreign income tax rate difference, change in foreign exchange rates and other	(43,000)	(8,000)
Permanent differences	492,000	(10,000)
Changes in benefits not recognized	<u>852,000</u>	<u>461,000</u>
Income tax expense (recovery)	\$ -	\$ -

FORTE MINERALS CORP.

NOTES TO CONSOLIDATED STATEMENTS OF FINANCIAL STATEMENTS

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**7. INCOME TAXES (cont'd...)**

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:

	2025	2024
Deferred exploration and evaluation	\$ 977,000	\$ 538,000
Non-capital losses	1,423,000	1,174,000
Share issue costs and other	<u>307,000</u>	<u>84,000</u>
Unrecognized income tax assets	<u>\$ 2,707,000</u>	<u>\$ 1,796,000</u>

As at December 31, 2025, the Company has Canadian non-capital losses of \$5,207,000 (2024 - \$4,151,000) that may be applied to reduce future taxable income. If these losses are not used to offset future income, they will expire through the years ended December 31, 2032 to 2045.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Financial instruments**

Cash, accounts receivable, and accounts payable and accrued liabilities 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.

Risk Management*Credit risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash and accounts receivable, excluding GST receivables of \$20,128 (2024 - \$6,390), amounting to \$13,341,102 at December 31, 2025 (2024 - \$1,140,349). 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 December 31, 2025, the Company had a working capital of \$13,073,076 (2024 - \$1,016,353). The Company's financial obligations are limited to accounts payable and accrued liabilities of which have contractual maturities of less than 90 days.

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, 2025, the Company maintained all of its cash balance on deposit with a major Canadian and a major Peruvian bank.

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Risk Management (cont'd...)

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, 2025, the Company held foreign cash of US\$88,966 and S/5,499. A 10% movement in foreign exchange rates would have impacted the net loss by approximately \$13,057. Foreign currency risk will have an impact on the Company's net loss and net financial instruments.

9. 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 \$14,775,374 (2024 - \$2,658,948). 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 year ended December 31, 2025.

10. SUBSEQUENT EVENTS

Share issuances

Subsequent to December 31, 2025, the Company issued 296,992 common shares upon the exercise of warrants at a weighted average exercise price of \$0.40 per share, for total gross proceeds of \$119,398, and issued 250,000 common shares upon the exercise of stock options at a weighted average exercise price of \$0.79 per share, for total gross proceeds of \$197,000.