

*A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authority in each of the provinces of Canada, except Quebec, and with the Canadian Securities Exchange but has not yet become final for the purpose of the sale of securities. Information contained within this amended and restated preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.*

*This amended and restated prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any securities law of any State of the United States. Accordingly, except as permitted under the Agency Agreement as defined herein, the securities offered hereby may not be offered or sold, directly or indirectly, in the United States of America, its territories, or its possessions, any State of the United States or the District of Columbia (the "United States"), or to, or for the account or benefit of, persons in the United States. This amended and restated prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in the United States to, for the account or benefit, persons in the United States. See "Plan of Distribution".*

**AMENDED AND RESTATED PRELIMINARY PROSPECTUS DATED OCTOBER 20, 2021 AMENDING AND  
RESTATING A PRELIMINARY PROSPECTUS DATED JULY 29, 2021**

**INITIAL PUBLIC OFFERING**

**DATED: October 20, 2021**



**FORTE MINERALS CORP.  
Suite 300-1055 West Hastings Street  
Vancouver, British Columbia, V6E 2E9  
Telephone: (604) 644-6940**

**8,333,333 Units  
Price: \$0.30 per Unit  
\$2,500,000**

**Each Unit comprises one common share and one share purchase warrant**

This prospectus (the "**Prospectus**") qualifies for distribution and offering (the "**Offering**") to purchasers resident in each of the provinces of Canada, except Quebec, (the "**Offering Jurisdictions**"), and elsewhere as permitted by applicable law, through Haywood Securities Inc. (the "**Agent**"), on a commercially

reasonable efforts basis, of an aggregate of 8,333,333 units (the “**Offering**”) of Forte Minerals Corp. (the “**Company**”). The units (“**Units**”) are being offered at \$0.30 per Unit (the “**Offering Price**”) for gross proceeds of \$2,500,000.

Each Unit consists of one common share (each a “**Share**”) and one common share purchase warrant (each a “**Warrant**”). Each Warrant will entitle the holder thereof to purchase one additional Share (each a “**Warrant Share**”) at an exercise price of \$0.50 per Share at any time up to 4:00 p.m. (Vancouver time) on the day that is 36 months from the Closing Date (as defined herein), subject to adjustment in certain events. The Warrants will be governed by a warrant indenture to be entered into on the Closing Date between the Company and Odyssey Trust Company, as warrant agent. The Shares and the Warrants are immediately separable and will be issued separately. See “*Description of Securities Distributed*”.

The Offering Price was determined by negotiation between the Company and the Agent. Of the price of \$0.30 per Unit, \$0.299 is allocated for cost base purposes to the Shares and \$0.001 is allocated to the Warrant.

	<b>Price to Public</b>	<b>Agent’s Commission <sup>(1)</sup></b>	<b>Net Proceeds to the Company <sup>(2)</sup></b>
Per Unit	\$0.30	\$0.021	\$0.279
Offering	\$2,500,000	\$175,000	\$2,325,000
Over-Allotment Option <sup>(3)</sup>	\$375,000	\$26,250	\$348,750
Total	\$2,875,000	\$201,250	\$2,673,750

- (1) Pursuant to the terms and conditions of an agency agreement (the “**Agency Agreement**”) to be entered into between the Agent and the Company, the Company has agreed to pay to the Agent a commission (the “**Agent’s Commission**”) equal to 7.0% of the gross proceeds of the Offering, excluding gross proceeds from the sale of Units to purchasers on a president’s list (the “**President’s List**”), in respect of which the Agent’s Commission will be equal to 3.0% of the gross proceeds from such sales. The table above assumes that no purchasers in the Offering will be on the President’s List and the Agent’s Commission will consist of 7.0% of all Units sold. The Agent will also be paid a corporate finance fee of \$40,000 plus GST (the “**Corporate Finance Fee**”), of which \$25,000 plus all GST will be payable in cash (of which \$10,000 has been paid) and \$15,000 will be payable through the issuance of Units at a deemed price of \$0.30 per Unit (the “**Corporate Finance Units**”), and will be issued non-transferable warrants (the “**Agent’s Warrants**”) to acquire Units (the “**Agent’s Warrant Units**”) in an amount equal to 7.0% of the Units sold in the Offering (other than Units sold to purchasers on the President’s List in respect of which the Agent will receive Agent’s Warrants in an amount equal to 3.0% of the Units sold to such purchasers) at an exercise price of \$0.30 per Unit, exercisable for a period of 12 months from the Closing Date (as defined herein). Issuance of the Corporate Finance Units and the Agent’s Warrants shall be qualified by the Prospectus to the maximum extent permissible by National Instrument 41-101. The Agent acknowledges that any combination of the Corporate Finance Units, Agent’s Unit Shares and Agent’s Unit Warrants which exceed 10% of the Units sold under the Prospectus will not be qualified for distribution under the Prospectus, and will be subject to a four month hold period in accordance with applicable securities laws. The Agent will also be reimbursed by the Company for the Agent’s expenses incurred pursuant to the Offering, of which \$10,000 has been paid as a retainer. See “*Plan of Distribution*”.
- (2) Before deducting remaining estimated expenses of the Offering, including legal, accounting and audit costs, all filing fees with the Canadian Securities Exchange (the “**Exchange**”) and of the securities commissions in the Offering Jurisdictions and the Agent’s expenses, estimated at \$115,650. See “*Use of Proceeds*”.
- (3) The Company has granted to the Agent an over-allotment option (the “**Over-Allotment Option**”), exercisable at any time up to the Closing Date, to sell up to a further 15% of the Units sold pursuant to the Offering, at the Offering Price. This Prospectus also qualifies the grant of the Over-Allotment Option and the issuance of the Shares, Warrants and Warrant Shares forming part of the Units issuable upon exercise of the Over-Allotment Option. The table presents the “Price to the Public”, “Agent’s Commission” and “Net Proceeds to the Company” should the Over-Allotment Option be exercised in full. Unless the context otherwise requires, when used herein, all references to the “Offering” include the exercise of the Over-Allotment Option,

all references to “Units” include any Units issuable upon the exercise of the Over-Allotment Option and all references to “Shares” or “Warrants” include the component portions of the Units issuable upon exercise of the Over-Allotment Option.

**The Offering is not underwritten or guaranteed by any person or agent.** The Agent, as exclusive agent of the Company for the purposes of the Offering, conditionally offers the Units for sale on a commercially reasonable efforts basis and subject to prior sale, if, as and when issued by the Company, in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*”.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. If the Offering is not completed within 90 days of the issuance of a receipt for the Prospectus, or if a receipt has been issued for an amendment to the Prospectus, within 90 days of the issuance of such receipt and in any event not later than 180 days from the date of receipt for the Prospectus, the distribution will cease, and all subscription monies will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

The following table sets forth the maximum number of securities issuable to the Agent, in connection with the Offering and the exercise of the Over-Allotment Option:

Agent’s Position	Maximum size or number of securities available		Exercise period or acquisition date	Exercise price or average acquisition price
Corporate Finance Units <sup>(1)</sup>	50,000 Corporate Finance Units		Closing Date	\$0.30 per Corporate Finance Units
Agent’s Warrants <sup>(1)(2)(3)</sup>	670,833 Agent’s Units <sup>(3)</sup>		12 months following the Closing Date	\$0.30 per Agent’s Unit <sup>(3)</sup>
Over-Allotment Option	1,250,000 Units		Closing Date	\$0.30 per Unit
Any other option granted by the Company or insider of the Company to the Agent	Nil		Nil	Nil
<b>Total securities under option issuable to the Agent</b>	<b>50,000 Corporate Finance Units and up to 670,833 Agent’s Units and 1,250,000 Units</b>		-	\$0.30

- (1) Issuance of the Corporate Finance Units and the Agent’s Warrants shall be qualified by the Prospectus to the maximum extent permissible by National Instrument 41-101. The Agent acknowledges that any combination of the Corporate Finance Units, Agent’s Unit Shares and Agent’s Unit Warrants which exceed 10% of the Units sold under the Prospectus will not be qualified for distribution under the Prospectus, and will be subject to a four month hold period in accordance with applicable securities laws. See “*Plan of Distribution*”.
- (2) Assumes that no purchasers of Units in the Offering are on the President’s Lists.
- (3) Each Agent’s Warrant entitles the holder thereof to subscribe for one Agent’s Unit at a price of \$0.30 until the date which is 12 months from the Closing Date. Each Agent’s Unit will comprise one Agent’s Unit Share and one Agent’s Unit Warrant, with each Agent’s Unit Warrant exercisable into one Agent’s Unit Warrant Shares at a price of \$0.50 until the date which is 36 months from the Closing Date.

There is no market through which the Unit, Shares or Warrants may be sold, and purchasers may not be able to resell the Units, Shares or Warrants as purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See *“Risk Factors”*.

**The Company has applied to the Exchange to conditionally list the Shares forming part of the Units being offered under this Prospectus.** The listing is subject to fulfilment by the Company of all of the listing requirements of the Exchange including prescribed distribution and financial requirements. **The Warrants will not be listed for trading on any exchange and as a result, there is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus.**

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

**A director of Haywood, David Elliott, is also a director of GlobeTrotters, an “influential securityholder” of the Company (as such term is defined in National Instrument 33-105—Underwriting Conflicts (“NI 33-105”)). Consequently, the Company may be considered a “connected issuer” of Haywood (as such term is defined in NI 33-105) in connection with the Offering. See *“Plan of Distribution”* and *“Relationship between the Company and the Agent”*.**

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

Certain legal matters relating to the Offering have been reviewed on behalf of the Company by S. Paul Simpson Law Corporation of Vancouver, British Columbia and on behalf of the Agent by Getz Prince Wells LLP, Vancouver, British Columbia. No person is authorized to provide any information or to make any representation in connection with this Offering other than as contained in this prospectus.

Stephanie Ashton, a director of the Company, is resident outside of Canada. In addition, Steven Park, one of the qualified persons involved in the preparation of the Pucarini Report (as defined herein), also resides outside of Canada. Although Ms. Ashton has appointed S. Paul Simpson Law Corporation at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 as her agent for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against Ms. Ashton or Mr. Park. See *“Enforcement of Judgments Against Foreign Persons”* and *“Risk Factors – Risks Relating to the Offering”*.

**Due to the nature of the Company’s business, an investment in any securities of the Company is speculative and involves a high degree of risk that should be considered by potential investors. The degree of risk in natural resource companies increases substantially where the company’s properties are in the exploration stage as opposed to the development stage. All of the properties of the Company are in the exploration or pre-exploration stage and are without a known body of commercial ore. An investment in the Company’s securities should only be undertaken by those persons who can afford the total loss of their investments. In reviewing this Prospectus, investors should carefully consider the matters described under the heading *“Risk Factors”* of this Prospectus.**

**Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of Company's securities, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Company's securities.**

Prospective purchasers should rely only on the information contained in this prospectus. Neither the Agent nor the Company has authorized anyone to provide prospective purchasers with different information from that contained in this prospectus. Readers should assume that the information appearing in this prospectus is accurate only as of its date, regardless of its time of delivery and that the Company's business, financial condition, results of operations and prospects may have changed since that date.

At the closing, the Shares and the Warrants distributed under this Prospectus will be available for delivery in book-entry form or the non-certificated inventory system of CDS Clearing and Depository Services Inc. ("CDS") or, its nominee, and will be deposited in electronic form. Purchasers of Shares will receive only a customer confirmation from the Agent as to the number of Units subscribed for. Certificates representing the Shares and Warrants in registered and definitive form will be issued in certain limited circumstances.

**HAYWOOD SECURITIES INC.**  
Waterfront Centre  
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Canada V6C 3L6  
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## GLOSSARY OF NON-TECHNICAL TERMS

The following terms used in this Prospectus have the meanings ascribed to them below. This Glossary of Terms is not exhaustive of the defined terms or expressions used in this Prospectus and other terms and expressions may be defined throughout this Prospectus.

**“Agency Agreement”** means the agency agreement among the Company and the Agent dated ●, 2021 pursuant to which the Agent has agreed to act as the Company’s agent in respect of the Offering.

**“Agent”** means Haywood Securities Inc.

**“Agent’s Commission”** means the commission payable to the Agent in respect of the completion of the Offering pursuant to the Agency Agreement, as more fully described under *“Plan of Distribution”*.

**“Agent’s Units”** means the Units issuable upon the exercise of the Agent’s Warrants, each comprising an Agent’s Unit Share and an Agent’s Unit Warrant.

**“Agent’s Warrants”** means the warrants to purchase the Agent’s Units issued to the Agent as more fully described under *“Plan of Distribution”*.

**“Agent’s Unit Shares”** means the common shares of the Company comprising the Agent’s Units issuable upon exercise of the Agent’s Warrants.

**“Agent’s Unit Warrants”** means the Warrants comprising the Agent’s Units issuable upon exercise the Agent’s Warrants, exercisable on the same terms as the Warrants.

**“Agent’s Unit Warrant Shares”** means the common shares of the Company issuable upon the exercise of the Agent’s Unit Warrants.

**“Amaru”** means the Company’s Peruvian subsidiary, Amaru Resources S.A.C.

**“Audit Committee”** means the audit committee of the Board.

**“BCBCA”** means the *Business Corporations Act* (British Columbia), as amended from time to time.

**“Board”** means the board of directors of the Company.

**“Candente”** means Candente Copper Corp. a company incorporated pursuant to the BCBCA and listed on the Toronto Stock Exchange.

**“CEO”** means the Chief Executive Officer of the Company.

**“CFO”** means the Chief Financial Officer of the Company.

**“Closing”** means the completion of the Offering.

**“Closing Date”** means the date on which the Closing occurs, as mutually determined by the Company and the Agent.

**“Company”** means Forte Minerals Corp., a company incorporated under the laws of the Province of British Columbia.

**“Cordillera”** means the Company’s Peruvian subsidiary, Cordillera Resources Peru S.A.C.

**“Corporate Finance Fee”** means the corporate finance fee of \$40,000 plus GST payable by the Company by the Agent in consideration of corporate finance structuring and administrative services provided by the Agent, of which \$25,000 plus GST is payable in cash and the balance of \$15,000 is payable through the issuance of 50,000 Corporate Finance Units.

**“Corporate Finance Units”** means the Units which will be distributed to the Agent pursuant to the Agency Agreement in partial payment of the Corporate Finance Fee, as more fully described under *“Plan of Distribution”*.

**“COVID 19”** means coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

**“CRA”** means the Canada Revenue Agency.

**“Don Gregorio Option Agreement”** means the option agreement dated June 26, 2017 between the Company and Candente pursuant to which the Company has been granted the sole and exclusive option to acquire a 60% interest in the Don Gregorio Project.

**“Don Gregorio Project”** means the Don Gregorio copper-gold project located between the districts of Salique and Piquijaca within Jaen province, Peru

**“Effective Date”** means the date of issue of the final receipt by the Securities Commissions for this Prospectus.

**“Engagement Letter”** means the engagement letter between the Company and the Agent dated April 27, 2021 in respect of the Offering, which is superseded in its entirety by the Agency Agreement.

**“Escrow Agent”** means Odyssey Trust Company.

**“Escrow Agreement”** means the escrow agreement dated July 26, 2021 among the Company, the Escrow Agent and certain of the Principals as more fully described under *“Escrowed Securities”*.

**“Esperanza Project”** means the mineral tenures known as the Esperanza Project located in Distrito de Yanaquihua, Provincia de Condesuyos, Departamento de Arequipa, Peru.

**“Exchange”** means the Canadian Securities Exchange.

**“Forte Cobre”** means the Company’s Peruvian subsidiary Forte Cobre S.A.C.

**“Forward-Looking Information”** means statements contained in this Prospectus that are not historical facts and are forward-looking statements or forward-looking information.

**“Globetrotters”** means GlobeTrotters Resource Group Inc.

**“influential securityholder”** has the meaning ascribed to such term in NI 33-105, and Globetrotters is considered an “influential securityholder” of the Company.

**“Insider”** if used in relation to an Issuer, means:

- (a) a director or senior officer of an issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of an issuer;
- (c) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of an issuer;

or

- (d) an issuer itself if it holds any of its own securities.

**“Listing Date”** means the date on which the Shares are listed for trading on the Exchange.

**“Management Escrow Agreements”** means the escrow agreements entered into by four members of the Company’s management team and the Company described in this Prospectus under *Description of the Business, Three Year History, Loans to Management Team* below.

**“Management Pledge Agreements”** means the securities pledge agreements entered into by four members of the Company’s management team and the Company described in this Prospectus under *Description of the Business, Three Year History, Loans to Management Team* below.

**“MD&A”** means management’s discussion and analysis.

**“Named Executive Officer”** or **“NEO”** means for every reporting issuer, the following individuals: (a) its CEO; (b) its CFO and (c) each of its three most highly compensated executive officers, other than the CEO and CFO, whose total salary and bonus exceeded \$150,000; and in the case of the Company means Patrick Elliott and Samantha Shorter.

**“NI 33-105”** means National Instrument 33-105, *Underwriting Conflicts*.

**“NI 43-101”** means National Instrument 43-101, *Standards of Disclosure for Mineral Projects*.

**“NP 46-201”** means National Policy 46-201, *Escrow for Initial Public Offerings*.

**“NI 52-110”** means National Instrument 52-110, *Audit Committees*.

**“Odyssey”** means Odyssey Trust Company, a trust company having an office in Vancouver, British Columbia and the Company’s registrar and transfer agent and escrow agent.

**“Offering”** means the offering of 8,333,333 Units of the Company as more fully described under *“Plan of Distribution”*.

**“Offering Jurisdictions”** means each of the provinces of Canada, except Quebec.

**“Offering Price”** means \$0.30 per Unit, the price at which the Units are being offered for sale under this Prospectus.

**“Over-Allotment Option”** means the option granted by the Company to the Agent at any time up to the Closing Date to sell up to an additional number of Units equal to 15% of the Units sold in the Offering on the same terms.

**“President’s List”** means purchasers of Units on a ‘president’s list’ as designated by the Company.

**“Principal”** means, with respect to the Company:

- (a) a person or company who acted as a promoter of the Company within two years of the initial public offering prospectus
- (b) the directors and senior officers of the Company or any of its material operating subsidiaries;
- (c) promoters of the Company during the two years preceding this Offering;
- (d) those who own or control more than 10% of the Company's voting securities immediately before and immediately after completion of this Offering if they also have elected or appointed or have the right to elect or appoint a director or senior officer of the Company;
- (e) those who own or control more than 20% of the Company's voting securities immediately before and immediately after completion of this Offering; and
- (f) associates and affiliates of any of the above.

being in this case, each of Patrick Elliott, Samantha Shorter, Anna Dalaire, Douglas Turnbull, Stephanie Ashton, Richard Osmond, Manuel Montoya, who is the general manager of Amaru and Cordillera, and their respective spouses and other immediate family living at the same address.

**“Promissory Notes”** means the promissory notes granted to the Company by four members of the Company’s management team described in this Prospectus under *Description of the Business, Three Year History, Loans to Management Team* below.

**“Prospectus”** means this amended and restated preliminary prospectus of the Company dated October 20, 2021, amending and restating the preliminary prospectus of the Company dated July 29, 2021.

**“Pucarini Project”** means the minerals tenures known as the Pucarini Project located in Distrito de Palca, Provincia de Lampa, Departamento de Puno, Juliaca, Peru, all as more particularly described in the Pucarini Report.

**“Pucarini Report”** means the geological report titled “NI 43-101 Technical Report on the Pucarini Project” dated February 15, 2021 as prepared for the Company by Derrick Strickland, P. Geo. and Steven Park, CPG, in respect of the Pucarini Project.

**“Securities Commissions”** means the securities regulatory authorities in each of the Offering Jurisdictions.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval, as located on the internet at [www.sedar.com](http://www.sedar.com).

“**Share**” means a common share in the authorized share structure of the Company.

“**Stock Option Plan**” means the 10% rolling stock option plan adopted by the Company.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time.

“**Unit**” means the units of the Company being offered for sale pursuant to the Offering and this Prospectus, each comprising of one Share and one Warrant.

“**United States or U.S.**” means the United States of America, its territories and possession, any state of the United States and the District of Columbia.

“**U.S. Securities Act**” has the meaning ascribed to such term on the cover page of this Prospectus.

“**Warrant**” means a share purchase warrant of the Company, comprising part of the Units being offered for sale pursuant to the Offering, entitling the holder thereof to acquire one additional Share at a price of \$0.50 per Share for a period of 36 months following the Closing Date as more fully described in “*Description of Securities Distributed*”.

“**Warrant Indenture**” means the warrant indenture to be entered into on the Closing Date between the Company and the Warrant Agent governing the terms and conditions of the Warrants.

“**Warrant Agent**” means Odyssey Trust Company.

## GLOSSARY OF TECHNICAL TERMS

**Alteration** means any change in the mineralogical composition of a rock that is brought about by physical or sediment, rock and core samples.

**Andesite** means an igneous, volcanic rock, of intermediate composition, with aphanitic to porphyritic texture. The mineral assembly is typically dominated by plagioclase plus pyroxene and/ or hornblende. Biotite, quartz, magnetite, sphene are common accessory minerals. Alkali feldspar may be present in minor amounts.

**Anomaly** means a geological feature, especially in the subsurface, distinguished by geological, geophysical or geochemical means, which is different from the general surroundings and is often of potential economic value having a geochemical or geophysical character which deviates from regularity.

**Argillite** means a compact rock, derived either from mudstone or shale that has undergone a somewhat higher degree of induration than mudstone or shale, but is less clearly laminated and without its fissility and that lacks the cleavage distinctive of slate.

**Assay** means a laboratory analysis to determine the presence, absence or concentration of one or more elemental components, such as gold or copper.

**Biotite** means a common rock-forming mineral in crystalline rocks, either as an original crystal in igneous rocks or as a metamorphic product in gneisses and schists; also a common hydrothermal alteration mineral associated with some types of ore deposits.

**Calcite** means a mineral composed of calcium carbonate,  $\text{CaCO}_3$ .

**Carbonate** means a mineral compound characterized by a fundamental anionic structure of  $\text{CO}_3$ , such as calcite.

**Conglomerate** means detrital sedimentary rock made up of more or less rounded fragments of such size that an appreciable percentage of the rock volume consists of particles of pebble size or larger.

**Deposit** means a mineralized body which has been physically delineated by sufficient drilling, trenching and/ or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/ or development expenditures. A deposit does not qualify as a commercially mineable ore body or as containing reserves of ore, until final legal, technical and economic factors have been resolved.

**Diamond Drill** means a rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two centimeters or more in diameter.

**Diorite** means an igneous rock that is of a 'salt and pepper' appearance and is composed primarily of sodium/calcium feldspar and mafic minerals with little or no quartz.

**Dip** means the maximum angle that a structural surface makes with the horizontal, measured perpendicular to the strike of the structure and in the vertical plane.

**Disseminated** means where the ore minerals (usually sulphides) occur disseminated through the host rock.

**Epithermal** means gold and/or silver and/or base metal mineralization caused by relatively low temperature hydrothermal fluids. Low, intermediate and high sulphidation represent a range of different chemical states for this type of mineralization. This type of deposit is typically spatially related to porphyry deposits.

**Fault** means a discrete surface or zone of discrete surfaces separating two rock masses across which one mass has slid past the other.

**Formation** means a distinct layer of sedimentary rock of similar composition.

**Geochemical** means the distribution and amounts of the chemical elements in minerals, ores, rocks, solids, water and the atmosphere.

**Geophysical survey** means a scientific method of prospecting that measures the physical properties of rock formations.

**Geophysics** means the study of the physical properties of rocks and minerals.

**Grade** means the concentration of an ore metal in a rock sample, given either as weight per cent for base metals or in grams per tonne for precious or platinum group metals.

**Hornblende** means a dark coloured iron-manganese rich rock-forming minerals of the amphibole family and a common constituent of mafic igneous and intrusive rocks.

**Host** means a rock or mineral that is older than rocks or minerals introduced into it.

**Igneous** means a classification of rocks formed from the solidification from a molten state. If the rock crystallizes within the crust, it is said to be intrusive, while if it flows onto the surface, it is extrusive.

**Intrusive** means a rock formed by the process of emplacement of magma in pre-existing rock.

**Limestone** means sedimentary rock composed of more than 50% calcium carbonate minerals.

**Lithology** means the rock type.

**Mafic** means an igneous rock composed chiefly of one or more ferromagnesian minerals, usually dark coloured and heavy.

**Magnetic Survey** is one of the tools used by exploration geophysicists in their search for mineral-bearing ore bodies; the essential feature is the measurement of the magnetic-field intensity. Geologists and geophysicists also routinely use it to tell them where certain rock types change and to map fault patterns.

**Metamorphic** means a change in structure or composition of rock as a result of heat and pressure.

**Mineral** means a naturally occurring inorganic crystalline material having a definite chemical composition.

**Mineralization** means the process or processes by which a mineral or minerals are introduced into a rock resulting in concentration of metals and their chemical compounds within a body of rock.

**Ore** means a metal or mineral, or a combination of these, of sufficient value as to quality and quantity to enable it to be mined at a profit under current economic and technical conditions.

**Outcrop** means that part of a geological formation or structure that appears at the surface of the earth; an exposure of bedrock at the surface.

**Porphyry** means an igneous rock of any composition that contains conspicuous larger crystals in a fine-grained mass.

**Pyrite** means iron disulfide,  $\text{FeS}_2$ .

**Pyroxene** means a group of chiefly magnesium-iron minerals (including dioside, hedenbergite, augite and pigeonite) that are common rock-forming minerals.

**Qualified Person** refers to an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, has experience relevant to the subject matter of the mineral project and the technical report and is a member in good standing of a recognized professional association.



**Quartz** means a mineral, the composition of which is silicon dioxide, a crystalline form of silica, which frequently occurs in veins.

**Sample** means a small portion of rock or a mineral deposit taken so that the metal content can be determined by assaying.

**Sampling** means selecting a fractional but representative part of a mineral deposit for analysis.

**Sedimentary Rock** means a rock formed from the consolidation of material derived from pre-existing rocks by processes of denudation, transportation and sedimentation.

**Sediment** means solid material that has settled down from a state of suspension in a liquid. More generally, solid fragmental material transported and deposited by wind, water or ice, chemically precipitated from solution.

**Silica** means silicon dioxide.

**Smelter** means a facility where ore concentrates are processed to produce metals.

**Strike** means the direction or trend of a geologic structure.

**Structure** means the disposition of rock formations.

**Sulphide** means a group of minerals in which one or more metals are found in combination with sulphur.

**Ultramafic** means an intrusive rock rich in iron and magnesium and with much less silicon and aluminum than most crustal rocks.

**Vein** means a thin sheet like intrusion into a fissure or crack, commonly bearing quartz.

**Volcanic** means pertaining to the activities, structures or rock types of a volcano.

### METRIC EQUIVALENTS

The following table sets forth the conversion from metric into imperial equivalents.

<u>To convert</u>	<u>To imperial measurement units</u>	<u>Multiply by</u>
Kilograms	Pounds	2.2046
Grams	Ounces (troy)	0.0353
Tonnes	Tons (short)	0.9072
Hectares	Acres	2.4711
Kilometers	Miles	0.6214
Meters	Feet	3.2808

### ABBREVIATIONS

Ag	Silver	As	Arsenic
Au	Gold	Cu	Copper
EM	Electromagnetic	Fe	Iron
g/t	Grams per metric tonne	Ha	Hectares
Km	Kilometre	Ni	Nickel

Oz/t	Ounces per metric tonne	Pb	Lead
Ppb	Parts per billion	Ppm	Parts per million
Zn	Zinc		

## GENERAL

Certain capitalized terms and phrases used in this prospectus are defined in the “Glossary of Terms” above.

Prospective purchasers should rely only on the information contained in this Prospectus and is not entitled to rely on parts of the information contained in this Prospectus to the exclusion of others. Neither the Company nor the Agent have authorized any other person to provide additional or different information. If any person provides a prospective purchaser with additional or different or inconsistent information, including information or statements in media articles about the Company, such prospective purchaser should not rely on it.

Prospective purchaser should assume that the information appearing in this prospectus is accurate only as at its date, regardless of the time of delivery of this Prospectus or any sale of the Units. The Company’s business, financial conditions, results of operations and prospects may have changed since that date.

This Prospectus includes summary descriptions of certain material agreements of the Company (see “*Material Contracts*”). The summary descriptions disclose provisions that the Company considers to be material, but are not complete and are qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and will be available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Investors are encouraged to read the full text of such material agreements

## FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that relate to the Company’s current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “*Summary of Prospectus*”, “*Description of the Business*”, “*Use of Proceeds*”, “*Selected Financial Information and Management’s Discussion and Analysis*” and “*Risk Factors*”.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “might”, “will”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “indicate”, “seek”, “believe”, “predict” or “likely”, or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the intention to complete the listing of the Shares on the Exchange and all transactions related thereto;
- the size, terms, conditions and completion of the Offering, the timing of the Closing Date and the use of proceeds from the Offering;

- the Company's expectation that the proceeds of the Offering and/or revenues derived from its operations will be sufficient to cover its expenses over the next twelve months;
- the success of the Company's exploration activities and programs;
- the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits;
- the estimates of expected or anticipated economic returns from a mining project, as reflected in feasibility studies or other reports prepared in relation to development of projects;
- projections of market prices and costs for the Company's products and the future market for copper, gold and other metals and conditions affecting same;
- permitting timelines;
- currency fluctuations;
- government regulation of mineral exploration and development operations in Peru;
- requirements for additional capital and the Company's expectations regarding its ability to raise capital;
- the Company's plans and expectations for its mineral properties;
- the Company's assessment of potential environmental liabilities on its mineral properties;
- statements relating to the business and future activities of, and developments related to the Company after the date of this Prospectus and thereafter;
- timing and costs associated with completing exploration work on the Pucarini Project and the Company's other mineral properties;
- the Company's plan to pursue exploration activities on the Pucarini Project; including statements of the Company's intent to develop the Pucarini Project or put the Pucarini Project into commercial production; and
- the Company's expected business objectives for the next twelve months.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this prospectus, the Company has made various material assumptions, including but not limited to (i) obtaining necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions including that financial markets will not in the long term be adversely impacted by the COVID-19 pandemic; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) the accuracy of the interpretation of drilling and other results on the Pucarini Project; (viii) anticipated results of exploration

activities and (ix) predictable changes to market prices for copper and gold and other predicted trends regarding factors underlying the market for such products.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements.

Given these risks, uncertainties and assumptions, prospective purchasers of Shares should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include:

- the Company is an early stage company with little operating history, a history of losses and the Company cannot assure profitability;
- uncertainty about the Company's ability to continue as a going concern;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- the Company expects to incur significant ongoing costs and obligations relating to the Pucarini Project;
- the Company may not be able to secure additional financing for current and future operations and capital projects;
- inherent uncertainties and risks associated with mineral exploration;
- the possibility that future exploration, development or mining results will not be consistent with the Company's expectations;
- volatility in the market prices for copper, gold, platinum group elements and other natural resources;
- the risk that the Company's title to its properties could be challenged;
- risks related to the Company's ability to attract and retain qualified personnel, including the ability to keep essential operational staff in place as a result of COVID-19;
- uncertainties related to global financial and economic conditions and the impact of market reaction to the COVID-19 pandemic;
- risks related to the COVID-19 pandemic, including potential disruptions of exploration at the Pucarini Project;
- risks of operating in foreign jurisdictions;
- risks associated with political instability;
- risks associated with the Company being subject to government regulation, including changes in regulation, including changes in environmental laws and regulations;

- competition for, among other things, capital acquisitions of resources, undeveloped lands and skilled personnel;
- uninsured risks and hazards;
- risks relating to environmental regulation and liabilities;
- risks associated with potential conflicts of interest;
- the market price for Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control; and
- the Company does not anticipate paying cash dividends in the near future.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

Information contained in forward-looking statements in this prospectus is provided as of the date of this prospectus, and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws.

*The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements,*

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of S. Paul Simpson Law Corporation, based on the current provisions of the Tax Act, on the Closing Date, provided that the Shares are on that date listed for trading on a designated stock exchange (which includes the Exchange), the Shares will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered disability savings plan, deferred profit sharing plan, registered education savings plan or tax-free savings account ("**TFSA**"), all as defined in the Tax Act (collectively, the "**Investment Plans**").

If the Shares are a "prohibited investment" (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF (a "**Registered Plan**"), the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, (such holder or annuitant being a "Controlling Individual" of the Registered Plan) will be subject to a penalty tax on the Shares as set out in the Tax Act. A Share will generally not be a prohibited investment for a trust governed by a Registered Plan held by a particular holder provided that the Controlling Individual deals at arm's length with the Company for the purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in either the Company or a corporation, partnership or trust that does not deal at arm's length with the Company for purposes of the Tax Act. In general terms, a Controlling Individual of a Registered Plan will have a significant interest in the Company if the Registered

Plan, the Controlling Individual, and other persons not at arm's length with the Controlling Individual together, directly or indirectly, own not less than 10% of the outstanding Shares of the Company.

**Prospective purchasers of Units who intend to hold such Units in a Registered Plan should consult their own tax advisors to ensure the Unit Shares, Warrant Shares and Warrants would not be a prohibited investment in their circumstances.**

## **MARKET AND INDUSTRY DATA**

Unless otherwise indicated, information contained in this prospectus concerning the industry and the markets in which the Company operates, including its general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

Unless otherwise indicated, the Company's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from its internal research, and include assumptions made by the Company which it believes to be reasonable based on its knowledge of the industry and markets. The Company's internal research and assumptions have not been verified by any independent source, and the Company has not independently verified any third-party information. While the Company believes the market position, market opportunity and market share information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading "*Forward-Looking Statements*" and "*Risk Factors*".

## **FINANCIAL INFORMATION**

The Company prepares its consolidated financial statements, which are included in into this Prospectus, in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

The historical consolidated financial statements of the Company and Cordillera included in this Prospectus are reported in Canadian dollars and US dollars, respectively, and have been prepared in accordance with IFRS.

## **CURRENCY AND EXCHANGE RATE INFORMATION**

Unless otherwise indicated, all references to "\$", "CDN\$" or "dollars" in this Prospectus refer to Canadian dollars and references to "US\$" or "US dollars" refer to United States dollars. The Company's accounts are maintained in Canadian dollars, United States dollars and Peruvian new sols.

The closing exchange rates for the USD to CDN dollar for the applicable periods are set forth below:

USD\$1.00 to CDN\$	Period from January 1, 2021 to the date prior to the date of this Prospectus	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Low	1.2040	1.2718	1.2988	1.2288
High	1.2856	1.4496	1.3600	1.3642
Period End	1.2357	1.2732	1.2988	1.3642

The exchange rates as at October 19, 2021, as reported by the Bank of Canada for the conversion of Canadian dollars to United States dollars was CDN\$1.00 equals USD\$0.8093 or USD1.00 equals CDN\$1.2357.

The closing exchange rates for Sols to CDN dollar for the applicable periods are set forth below:

Sol 1.00 to CDN\$	Period from January 1, 2021 to the date prior to the date of this Prospectus	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Low	0.3044	0.3516	0.3891	0.3823
High	0.3537	0.4192	0.4067	0.4071
Period End	0.3129	0.3516	0.3919	0.4042

The exchange rates as at October 19, 2021, as reported by the Bank of Canada for the conversion of Canadian dollars to Peruvian new sols was CDN\$1.00 equals Sol 0.3129 or Sol 1.00 equals CDN\$3.1959.

#### **ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS**

Stephanie Ashton, a director of the Company is resident outside of Canada. In addition, Steven Park, one of the qualified persons involved in the preparation of the Pucarini Report, is also resident outside of Canada. Ms. Ashton has appointed S. Paul Simpson Law Corporation at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 as her agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if that party has appointed an agent for service of process.

#### **MARKETING MATERIALS**

Any “template version” of any “marketing materials” (each as defined in NI 41-101) that are prepared in connection with the Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus.

Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution of the Units under the Offering (including any amendments to, or an

amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this prospectus.



## SUMMARY OF PROSPECTUS

***The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.***

### **The Company**

The Company was incorporated under the BCBCA on March 1, 2011. The principal business of the Company is the exploration and development of gold and copper projects in Peru, more specifically the Pucarini Project. The Company intends to fund exploration activities on the Pucarini Project and its other early-stage mineral properties using the proceeds of the Offering. See *"Description of the Business"* and *"Mineral Properties"*. To date, the principal business of the Company has been the acquisition of its mineral properties, undertaking initial exploration of the Pucarini Project, and seeking to obtain a listing on the Exchange. For the purposes of NI 43-101, the Pucarini Project is the Company's only material mineral property.

### **The Offering**

Offering: 8,333,333 Units. Each Unit is comprised of one Share and one Warrant. Each Warrant is exercisable into one additional Share at a price of \$0.50 per Share for a period of 36 months following the Closing Date.

Offering Price: \$0.30 per Unit

Offering Size: \$2,500,000 (before commissions, fees and expenses of the Offering). See *"Use of Proceeds – Proceeds and Funds Available"*.

Over-Allotment Option The Company has granted the Agent an option, exercisable in whole or in part, at any time up to the Closing Date to sell up to an additional number of Units equal to 15% of the Units sold pursuant to the Offering on the same terms. See *"Plan of Distribution"*

Agent: Haywood Securities Inc. has been appointed to act as the Company's exclusive agent pursuant to the Agency Agreement to conduct the Offering on a commercially reasonable efforts basis and will be paid the Agent's Commission from the sale of the Units sold pursuant to the Offering. See *"Plan of Distribution"*.

Agent's Commission: A commission representing 7.0% of the gross proceeds of the Offering will be paid to the Agent in cash, other than in respect of gross proceeds raised from the President's List for which the Agent will receive a commission representing 3.0% of such proceeds in cash. In addition, the Company will pay to the Agent the Corporate Finance Fee in the amount of \$40,000 (plus GST) of which \$25,000 plus all GST will be paid in cash, of which \$10,000 has been paid, and \$15,000 will be payable through the issuance of the Corporate Finance Units. The Agent will also be granted the Agent's Warrants to acquire the Agent's Units in an amount equal to 7.0% of the

Units sold in the Offering and the Over-Allotment Option, excluding the Units sold pursuant to the President’s List, for which the Agent will receive Agent’s Warrants to acquire Agent’s Units in an amount equal to 3.0% of the Units sold. Each Agents Warrant is exercisable to purchase one Agent’s Unit at a price of \$0.30 for a period of 12 months from the Closing Date. Each Agent’s Unit comprises one Agent’s Unit Share and one Agent’s Unit Warrant. Each Agent’s Unit Warrant is exercisable at into one Share at a price of \$0.50 per Share for a period of 36 months following the Closing Date. Issuance of the Corporate Finance Units and the Agent’s Warrants shall be qualified by the Prospectus to the maximum extent permissible by National Instrument 41-101. The Agent acknowledges that any combination of the Corporate Finance Units, Agent’s Unit Shares and Agent’s Unit Warrants which exceed 10% of the Units sold under the Prospectus will not be qualified for distribution under the Prospectus, and will be subject to a four month hold period in accordance with applicable securities laws. See *“Plan of Distribution”*.

Listing: There is currently no market through which the Shares or the Warrants may be sold. The Company has applied to list its Shares on the Exchange. Listing is subject to the Company fulfilling all of the listing requirements of the Exchange.

See *“Plan of Distribution”*.

#### **Use of Proceeds**

The estimated net proceeds of the Offering (not including any exercise of the Over-Allotment Option) after deducting the Agent’s Commission, the remaining cash portion of the Corporate Finance Fee and the expected remaining costs of the Offering (estimated at \$115,650) together with the Company’s approximate working capital as at September 30, 2021 of \$162,000, will be \$2,354,350. The Company intends to use the net proceeds of the Offering as follows:

<b>Item</b>	<b>Amount</b>
Phase 1 Exploration program on the Pucarini Project	\$689,972
Exploration programs on remaining mineral properties	\$195,000
Estimated general and administrative expenses over the 12 months following the Closing Date	\$592,500
Unallocated working capital	\$876,878
<b>TOTAL</b>	<b>\$2,354,350</b>

See *“Use of Proceeds”*.

## **Eligibility for Investment**

On the Closing Date, provided that the Shares are on that date listed for trading on a designated stock exchange (which includes the Exchange), the Shares will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered disability savings plan, deferred profit sharing plan, registered education savings plan or tax-free savings account (“**TFSA**”), all as defined in the Tax Act (collectively the “**Investment Plans**”).

If the Shares are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF (a “**Registered Plan**”), the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, (such holder or annuitant being a “**Controlling Individual**” of the Registered Plan) will be subject to a penalty tax on the Shares as set out in the Tax Act. A Share will generally not be a prohibited investment for a trust governed by a Registered Plan held by a particular holder provided that the Controlling Individual deals at arm’s length with the Company for the purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in either the Company or a corporation, partnership or trust that does not deal at arm’s length with the Company for purposes of the Tax Act. In general terms, a Controlling Individual of a Registered Plan will have a significant interest in the Company if the Registered Plan, the Controlling Individual, and other persons not at arm’s length with the Controlling Individual together, directly or indirectly, own not less than 10% of the outstanding Shares of the Company.

See “*Eligibility for Investment*”. Prospective purchasers who intend to hold Shares in a Registered Plan should consult their own tax advisors regarding their particular circumstances.

## **Risk Factors**

**Investment in the Units is highly speculative and involves a significant degree of risk.** Prospective investors should carefully consider and evaluate all risks and uncertainties involved in an investment in the Units, including (i) risks relating to the Offering such as discretion in the use of proceeds from the Offering, additional financial requirements of the Company, no current market for the Company’s securities, volatility of publicly traded securities, risks of further dilution, the Company’s ability to continue as a going concern, negative cash flow from its operations, and the payment of dividends, and (ii) risks relating to the business of the Company, such as limited operating history and expected continued operating losses, title to properties, inherent risks of the mining industry, uninsurable risks, political risks, environmental risks, permits and licenses, competitive risks, dependence on key management, commodity prices, risks associated with early stage mineral exploration, additional funding requirements, risks related to the COVID-19 pandemic; conflicts of interest and lack of mineral resources.

An investment in the Company’s securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk the loss of their entire investment. Investors should consult their own professional advisors to assess the investment.

See “*Risk Factors*” for greater detail of these and other risk factors.

## Summary of Selected Consolidated Financial Information

The following table sets forth selected financial information for the Company for the periods indicated. The following summary of selected financial information is derived from and should be read in conjunction with and is qualified in its entirety by reference to the Company's audited consolidated financial statements for the financial years ended December 31, 2020 and December 31, 2019 and related notes thereto, attached to this Prospectus as Schedule "A" and interim financial statements for the three and six months ended June 30 2021 and related notes thereto, attached to this Prospectus as Schedule "B", together with the associated MD&A, attached as Schedule "C" to this Prospectus. See "*Selected Financial Information and Management's Discussion and Analysis*".

Selected Financial Information	For the year ended December 31, (audited) 2019	For the year ended December 31, (audited) 2020	For the six months ended June 30, 2021 (unaudited)
<b>Operations Data</b>			
Total Revenues	Nil	Nil	Nil
Total Expenses	\$116,759	\$877,213	\$312,359
Comprehensive Loss	(\$90,038)	(\$865,105)	(\$316,383)
Loss per Share – Basic and Fully Diluted	(\$0.01)	(\$0.05)	(\$0.01)
<b>Balance Sheet Data</b>			
	As at December 31, 2019 (audited)	As at December 31, 2020 (audited)	As at June 30, 2021 (unaudited)
Current Assets	\$202,211	\$806,112	\$434,573
Non-Current Assets	\$126,510	\$1,068,798	\$1,068,798
<b>Total Assets</b>	<b>\$328,721</b>	<b>\$1,874,910</b>	<b>\$1,503,371</b>
Current Liabilities	(\$57,158)	(\$147,456)	(\$92,300)
Working Capital	\$145,053	\$658,656	\$342,273
Other Liabilities	Nil	Nil	Nil
<b>Total Liabilities</b>	<b>(\$57,158)</b>	<b>(\$147,456)</b>	<b>(\$92,300)</b>
Share Capital	\$2,243,760	\$4,241,350	\$4,241,350
Deficit	(\$1,971,587)	(\$2,822,860)	(\$3,134,029)

<b>Total Equity</b>	<b>\$271,563</b>	<b>\$1,727,454</b>	<b>\$1,411,071</b>
<b>Number of Shares Issued and Outstanding</b>	<b>9,851,401</b>	<b>27,128,587</b>	<b>27,128,587</b>

Audited financial statements of Cordillera for the six months ended June 30, 2020 and the unaudited financial statements for the year ended December 31, 2019 for Cordillera are attached as Schedule "D" to this Prospectus. MD&A of Cordillera for the six months ended June 30, 2020 and the year ended December 31, 2019 are attached as Schedule "E"

## **CORPORATE STRUCTURE**

### **Name and Incorporation**

The Company was incorporated under the BCBCA on March 1, 2011 as “Plan B Minerals Corp.” On April 20, 2018, the Company changed its name to “Forte Copper Corp.” On March 9, 2020, the Company completed a three (3) old for one (1) new consolidation of its common shares. On April 27, 2021, the Company changed its name to “Forte Minerals Corp.”. On May 21, 2021, the Company adopted a new set of Articles.

The head office of the Company is located at Suite 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9, and the registered and records office of the Company is located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

The Company is not currently a reporting issuer and the Shares are not listed or posted for trading on any stock exchange, but the Company will become a reporting issuer in the Offering Jurisdictions, upon the issuance of a receipt for the final Prospectus.

The Company has three subsidiaries, being Forte Cobre S.A.C., Amaru Resources S.A.C. and Cordillera Resources Peru S.A.C., each incorporated under the laws of the Republic of Peru and in which the Company holds 99% of the outstanding shares.

## **DESCRIPTION OF THE BUSINESS**

### **Three Year History**

The Company is a mineral exploration company involved in the identification, acquisition and exploration of mineral properties located in Peru. The Company is exploring for gold and copper. At present, the Company’s mineral properties are not at a commercial development or production stage. The Company’s holds three mineral properties in Peru, of which the Pucarini Project is its only material property for the purposes of NI 43-101.

The Company has undertaken the following steps in the last three financial years to develop its business: (1) identified and acquired a mineral property with sufficient merit to warrant exploration being the Pucarini Project; (2) raised sufficient financing to acquire the Pucarini Project and complete an initial exploration program, and to make an application for listing on the Exchange; (3) completed an exploration program as well as a technical report on the Pucarini Project; (4) recruited directors and officers with the skills required to operate a junior public mineral exploration company; and (5) engaged the Agent to assist the Company in making an application for listing on the Exchange, and to raise funding under this Prospectus.

The Company is not a reporting issuer in any jurisdiction and no securities of the Company are listed or posted for trading on any stock exchange. The Company has applied to list its Shares on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

### ***Don Gregorio Option***

On June 26, 2017, the Company and Candente entered into the Don Gregorio Option Agreement pursuant to which the Company has been granted the sole and exclusive option to acquire a 60% interest in the Don Gregorio Project, which is held by Candente's wholly owned subsidiary, Cobriza Metals Peru S.A. ("**Cobriza**"),.

The Don Gregorio Option Agreement superseded a memorandum of understanding dated May 11, 2017 pursuant to which the Company paid to Candente a \$10,000 deposit.

In order to exercise the option, the Company shall:

- (a) make a cash payment of US\$40,000 on the execution of the Don Gregorio Option Agreement (paid);
- (b) make a cash payment of US\$50,000 within 90 days of the execution of the Don Gregorio Option Agreement (paid);
- (c) make a payment of then due vigencies (validity payments) from 2015 of US\$8,500 on or before June 26, 2017 (paid);
- (d) make further payments to Candente as follows (all of which payments have yet to become due):
  - (i) US\$100,000 on or before 30 days of receipt of an initial drill permit, which permit has not yet been received;
  - (ii) US\$100,000 within 30 days of the completion of first phase drill project as outlined in the Don Gregorio Option Agreement; and
  - (iii) US\$200,000 within 60 days of the completion of a second phase drill project as outlined in the Don Gregorio Option Agreement; and
- (e) carry out a first phase drill program of 5,000 m of drilling on the Don Gregorio Project, upon receipt of the drill permits on or before the second anniversary following receipt by the Company of the initial drill permit; and
- (f) carry out a second phase drill program of a further 5,000 m of drilling on the Don Gregorio Project on or before the earlier of (i) the third anniversary of the receipt by the Company of the initial drilling permit or (ii) the first anniversary of the receipt by the Company of the drilling permit for the second phase program.

The Company has the option to pay to Candente a cash payment of \$100 per meter for each of the 5,000 meters not drilled as part of the first phase program, to a maximum of US\$500,000 on or before the second anniversary following receipt by the Company of the initial drill permit.

An area of interest of 1.0 kilometers applies in respect of the Don Gregorio Project. Following the exercise of the option by the Company, the parties, through their respective Peruvian subsidiaries, shall enter into a joint venture in respect of the Don Gregorio Project or, in the event that the Company's interest in the

Don Gregorio Project shall be held through holding shares in Cobriza, a shareholder's agreement setting out the operations of Cobriza and the Don Gregorio Project shall be entered into.

On October 26, 2020, in furtherance of the Don Gregorio Project, Forte Cobre, the Company's Peruvian subsidiary entered into a mining assignment agreement with Cobriza, whereby Cobriza has assigned to Forte Cobre all of its exploration and exploitation rights in the Don Gregorio Project for a four year period commencing upon receipt by Forte Cobre of the necessary environmental permits, surface rights and related authorizations, permits and approvals to conduct activities on the Don Gregorio Project. The purpose of the assignment is to allow Forte Cobre to conduct activities in accordance with the exploration obligations under the Don Gregorio Option Agreement, including obtaining the initial drill permit.

### ***Consolidation***

On March 9, 2020, the Company completed a three (3) old for one (1) new consolidation of its common shares, which was ratified by the Company's shareholders on May 21, 2021.

### ***Acquisition of Pucarini Project and Esperanza Project***

Pursuant to a share purchase agreement between the Company and GlobeTrotters dated July 27, 2020, the Company acquired 99.9% of the issued and outstanding shares of each of Amaru and Cordillera, which hold the Esperanza Project and the Pucarini Project, respectively, for \$750,000, of which \$150,000 was paid in cash and the balance of which was paid by the issuance of 5,000,000 Shares. GlobeTrotters, through its subsidiary GlobeTrotters Resources Peru S.A.C., retained a 1% net smelter royalty on each of the Esperanza Project and the Pucarini Project granted by Amaru and Cordillera respectively, pursuant to royalty agreements between them dated August 14, 2020. The remaining 0.1% of Amaru and Cordillera is held by Manuel Montoya, a director of Amaru, Cordillera and Forte Cobre, as well as the VP Exploration of GlobeTrotters, pursuant to bare trust and agent agreements with the Company. Patrick Elliott, the CEO and a director of the Company, is and was at the time the share purchase agreement was executed, an officer of GlobeTrotters. Richard Osmond, a director of the Company, is the CEO and a director of GlobeTrotters, but joined the Board of the Company in 2021.

GlobeTrotters acquired the Pucarini Project and Esperanza Project via staking, with portions of the Esperanza Project acquired in 2013, 2014 and 2017 and the Pucarini Project being acquired in June 2017.

GlobeTrotters, via Cordillera, acquired additional regional concessions relating to the Pucarini Project in July 2020 for an aggregate cost of US\$57,480, which concessions remain with Cordillera on its sale to the Company.

Please see "*Mineral Properties*" below.

### ***Loans to Management Team***

On July 10, 2020, the Company loaned each of the Company's CEO, Patrick Elliott who is also the VP Corporate Development of GlobeTrotters, its now Corporate Secretary, Anna Dalairé, a current director, Richard Osmond, who is also the President and a director of GlobeTrotters, and a consultant, Paul Johnston, a technical advisor for GlobeTrotters, the sum of \$30,000. Each of the loans bears interest at the rate of 2% per annum and is payable in full on July 10, 2023. Each loan was to be used by its borrower for the borrower's personal purposes. The loans are evidenced by promissory notes (the "Promissory



Notes”) and secured by securities pledge agreements (the “Management Pledge Agreements”) of certain securities of the Company then held or thereafter acquired by the borrowers and placed in escrow pursuant to escrow agreements (the “Management Escrow Agreements”), to be released from time to time as the loans are repaid. If the loans are not repaid in full by July 10, 2023, the securities still held in escrow will be cancelled.

At the time of the completion of the loans, the loan to Patrick Elliott was a ‘related party transaction’ as Mr. Elliott was the Company’s CEO and a director at the time the loan was made. The loan to Mr., Osmond, Ms. Dalaire and Mr. Johnston were not ‘related party transactions’ as such parties dealt with the Company’s at arm’s length at the time the loans were made, but subsequent to the loans, in May 2021, Ms. Dalaire was appointed as VP Corporate Development and Corporate Secretary of the Company and Mr. Osmond was appointed as a director of the Company. Mr. Johnston is not an executive officer or director of the Company, but is a consultant.

### ***Issuances to Management Team***

In exchange for cash consideration, the Company issued 1,000,000 units, each unit being comprised of one Share and one half of one warrant (the “Executive Securities”), at a price of \$0.12 per unit on August 10, 2020, to the Company’s CEO, Patrick Elliott, who is also the VP Corporate Development of GlobeTrotters, its now Corporate Secretary, Anna Dalaire, a current director, Richard Osmond, who is also the President and a director of GlobeTrotters, and a consultant, Paul Johnston, a technical advisor for GlobeTrotters (collectively the “Executives”), each of the Executives purchasing 250,000 units. The securities comprising the units are subject to the Management Pledge Agreements and the Management Escrow Agreements. Please see “*Loans to Management Team*” above.

### ***Recent Financings***

On July 17, 2020, the Company closed a private placement consisting of 11,277,186 units at \$0.12 per unit for gross proceeds of \$1,353,262. Each unit was comprised of one Share and one-half of a warrant. Each whole warrant entitles the holder to purchase a further Share at a price of \$0.20 per Share until July 17, 2023. In connection with the placement, the Company paid cash finder’s fees of \$75,672.

Other than the issuance of the Executive Securities and the financing noted above, the Company has not completed a financing in the three years prior to the date of this Prospectus.

For additional information, please see “*Prior Sales*”.

### ***Proposed Transaction with Collingwood Resources Corp. (“Collingwood”)***

On August 13, 2020, the Company entered into a binding letter agreement with Collingwood, a capital pool company listed on the TSX Venture Exchange, which contemplated the acquisition of all of the issued and outstanding securities of the Company by Collingwood pursuant to a three-way amalgamation of the Company with a subsidiary of Collingwood. Upon the execution of the letter agreement, Collingwood advanced to the Company a non-refundable deposit of \$25,000. On April 16, 2021, the letter agreement was terminated by the Company.

## **Trends**

There are significant uncertainties regarding the prices of copper, gold and other minerals and the availability of equity financing for the purposes of mineral exploration and development. For instance, the prices of precious metals have fluctuated widely in recent years and wide fluctuations may continue, particularly following the unprecedented events of the COVID-19 pandemic and the health and economic impacts thereof.

Apart from the risk factors noted under the heading “*Risk Factors*”, management is not currently aware of any other trends, commitments, events or uncertainties that would have a material adverse effect on the Company’s business or financial condition.

## **Principal Products or Services**

The Company is in the exploration stage and does not mine, produce or sell any mineral products at this time, nor do any of its current properties have any known or identified mineral resources or mineral reserves.

As the Company is an exploration stage companies with no producing properties, it has no current operating income, cash flow or revenues. The Company has not undertaken any current resource estimate on any of its mineral properties. There is no assurance that a commercially viable mineral deposit exists on any of its mineral properties. The Company does not expect to receive income from any of its mineral properties within the foreseeable future. The Company intends to continue to evaluate, explore and develop the Pucarini Project and its other mineral properties through additional equity or debt financing. The Company’s primary objectives are to complete exploration on the Pucarini Project with a view to development. Toward this end, the Company intends to undertake the exploration programs on the Pucarini Project recommended by the author in the Pucarini Report. If the results of such programs merit further exploration, the Company may commence further exploration programs

The Company’s principal product under exploration is copper. The major applications of copper are electrical wiring (60%), roofing and plumbing (20%), and industrial machinery (15%). Copper is used mostly as a pure metal, but when greater hardness is required, it is put into such alloys as brass and bronze.

There are worldwide copper markets into which the Company could sell and, as a result, the Company would not be dependent on a particular purchaser with regard to the sale of the metals which it produces, if and when it reaches production.

## **Specialized Skills and Knowledge**

Various aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of exploration and development, geology, drilling, permitting, metallurgy, logistical planning, and accommodation and implementation of exploration programs, as well as legal compliance, finance and accounting. The Company expects to rely upon consultants and others for exploration and development expertise. The Company does not anticipate any difficulties in locating competent employees and consultants in such fields. See “*Risk Factors – Risks Related to the Business of the Company – Reliance on Personnel*”.

## **Market and Marketing**

The Company's principal product under its exploration programs will be copper, but the Company does not produce, develop or sell any products at this time, nor do any of its properties have any known or identified mineral reserves. As the Company will not be producing in the foreseeable future, it will not be conducting any marketing activities and does not require a marketing plan or strategy.

## **Competitive Conditions**

The mineral exploration and mining industry is competitive in all phases of exploration, development and production. The Company competes with a number of other entities and individuals in the search for and the acquisition of attractive mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources than the Company, the Company may not be able to acquire attractive properties in the future on terms it considers acceptable. Finally, the Company competes for investment capital with other resource companies, many of whom have greater financial resources and/or more advanced properties that are better able to attract equity investment and other capital. The abilities of the Company to acquire attractive mineral properties in the future depends not only on its success in exploring and developing its present properties, but also on its ability to select, acquire and bring to production suitable properties or prospects for exploration, mining and development. Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company. See *"Risk Factors – Risks Related to the Business of the Company – Competitive Risks"*.

## **Components**

The raw materials the Company requires to carry on its business are available through normal supply or business contracting channels in Peru. The Company has secured local personnel to conduct its currently contemplated programs. It is possible that delays or increased costs may be experienced in order to proceed with drilling activities during the current period, particularly as a result of the COVID-19 pandemic and restrictions imposed in association therewith. Such delays could significantly affect the Company if, for example, commodity prices fall significantly, thereby reducing the opportunity the Company may have had to develop a particular project had such work been completed in a timely manner before the fall of such prices. In addition, assay labs are often significantly backlogged, thus significantly increasing the time that the Company waits for assay results. Such delays can slow down work programs, thus increasing field expenses or other costs (such as property payments which may have to be made before all information to assess the desirability of making such payment is known, or causing the Company to not make such a payment and terminate its interest in a property rather than make a significant property payment before all information is available).

## **Cycles**

The Company's mineral exploration activities may be subject to seasonality due to adverse weather conditions including, without limitation, inclement weather, snow covering the ground, frozen ground and restricted access due to snow, ice or other weather-related factors.

In addition, the mining business is subject to global economic cycles which affect the marketability of products derived from mining.

## **Intangible Properties**

The Company's business will not be substantially dependent on the protection of any proprietary rights or technologies.

## **Economic Dependence**

The Company's business is not substantially dependent on a contract to sell any major part of its products or services or to purchase a major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

It is not expected that the Company's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

## **Environmental Conditions**

All aspects of the Company's field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. With all projects at the exploration stage, the financial and operational impact of environmental protection requirements is minimal. Should any projects advance to the production stage, then more time and money would be involved in satisfying environmental protection requirements.

## **Employees**

As of the date of this Prospectus, the Company had the following number of employees and contractors:

<b>Location</b>	<b>Full Time Employees</b>	<b>Contractors</b>
British Columbia	Nil	8
Peru	Nil	10

The Company utilizes consultants and contractors to carry on most of its activities and, in particular, to supervise certain work programs on its mineral properties. As the Company expands its activities, it is probable that it will hire additional employees.

## **Internal Controls – Operating in Peru – Emerging Markets**

### *Banking*

The Company maintains and manages bank accounts in both Peru and Canada. Management in Canada will control the funds which will be dispersed to its subsidiaries when required, and all expenditures are and will be adequately reviewed. The funds kept in Peru will be deposited with accredited financial institutions with which the Company (through its subsidiaries) has a strong business relationship and familiarity. Management of the Company will ensure proper internal controls remain in place, though there is always a risk of potential fraud, though the Company considers such risk low and immaterial. Management anticipates taking the following measures to mitigate this weakness: (i) all purchase and

payment, including payroll, must be authorized by management; (ii) all capital expenditures above a predetermined expenditure limit, must be preapproved by the Board; (iii) in the case where a purchase is carried out in the Spanish language, those receipts will be scanned and translated to English for accounting entries and recordkeeping purposes; and (iv) almost all of the Company's cash will be deposited with a Canadian bank in Canada. Operating funding for the Company's subsidiaries will be provided by the Company with two directors' approval. Bank statements of the Company's subsidiaries will be reviewed by the CFO of the Company regularly who will remain in consistent communication with the Company's team in Peru.

#### *Business Culture and Practices*

Although the Company does not intend to maintain in-house legal counsel in Peru, management in Canada and Peru will maintain close contact with its subsidiaries and its legal and tax advisors and auditors to ensure all differences between Canada and Peru in the taxation and legal systems are accounted for. In addition, a majority of the executive team of the Company has extensive experience in Peru and are accustomed to the business cultures and practices in such country.

#### *Key Personnel*

The majority of the directors and officers of the Company have experience conducting business in Peru, and by virtue of such experience, are familiar with local laws and requirements as well as the local business culture and practices. However, they consult with local counsel in Peru, as needed, including to ascertain all permits, licenses and other regulatory approvals required to conduct business. The Company's CFO is familiarizing herself with the differences in banking systems and controls between Canada and Peru to manage the Company's treasury. The Company's auditor, Crowe Mackay LLP, has a global presence including a local office in Peru to assist, if needed, in the preparation of the Company's audit. The Company plans to initially rely upon the expertise of GlobeTrotters in Peru, who is a related party to the Company by virtue of holding in excess of 10% of the Company's shares, and will engage its employees as consultants at market rates.

#### *Language Proficiency*

Patrick Elliott and Richard Osmond are fluent in Spanish and the Company's primary consultants in Peru, including its legal advisors and operational consultants, are fluent in English. As there are several bilingual speakers on the Board and on management, the Corporation has determined that it does not require a formal communication plan.

#### *Periodic Visits*

As part of the Company's internal controls, the Company's CEO and consultants will visit and meet with the Company's team in Peru periodically. The Company expects that its directors and management in Canada will be able to visit the Corporation's operations and meet with local management in Peru when required, as COVID travel restrictions began easing and as the majority of the Company's board, management and consultants are vaccinated.

#### *Access to Books and Records*

The Company maintains a registered and head office at in Canada. The Company's books and records are located at its current address. The Company's subsidiaries, Amaru, Cordillera and Forte Cobre, maintain a

registered and head office in Peru, and their books and records will be maintained in Peru. Their books and records may be accessed at any time during business hours, and the Company's external auditors have full and free access to books and records of the Company and its subsidiaries. Any accounting or other key documentation which is prepared solely in Peru for local purposes will be translated into English for provision to the Board, CFO and CEO as needed.

#### *Audit Committee Oversight*

To ensure the Audit Committee can effectively evaluate the audit process, the Audit Committee has access to such officers and employees of the Company and its subsidiaries, the external auditors and such information respecting the Company and subsidiaries, as it considers to be necessary or advisable in order to perform its duties and responsibilities. The Audit Committee will meet at least four times annually, and the external auditors will have the right to attend all such meetings, and management representatives may be invited to attend. The auditors shall have a direct line of communication to the Audit Committee through its chair and may bypass management if deemed necessary. The Audit Committee, through its chair, may directly contact any employee of the Resulting Issuer as it deems necessary and any employee may bring before the Audit Committee any matter involving questionable, illegal or improper financial practices or transactions. The Audit Committee will review the audit plan of the auditor, and discuss the results of the audit on completion of the audit.

#### **Lending**

The Company does not currently hold any investments or owe any material long term liabilities. The Company has not adopted any specific policies or restrictions regarding investments or lending. The Company expects that in the immediate future in order to maintain and develop its mineral properties, it will need to raise additional capital which it expects will be completed via equity. If the Company is unable to raise the necessary capital to meet its obligations as they become due, the Company may have to curtail its operations, including obtaining financing at unfavourable terms.

#### **Bankruptcy and Similar Procedures**

There are no bankruptcies, receivership or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by the Company since its incorporation.

#### **Reorganization**

The Company has not completed any reorganizations or restructuring transactions since its incorporation.

#### **Social or Environmental Policies**

The Company has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its mineral exploration projects or human rights policies). However, the Company's management, with the assistance of its contractors and advisors, ensures its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

## Significant Acquisitions and Dispositions

The Company has not completed any significant acquisitions or dispositions since incorporation other than the acquisition of Cordillera from GlobeTrotters on July 27, 2020 as described above at *“Three Year History - Acquisition of Pucarini Project and Esperanza Project”*. The Company acquired Cordillera under a share purchase agreement dated July 27, 2020 pursuant to which the Company acquired 99.9% of the issued and outstanding shares of both Amaru and Cordillera for aggregate consideration of \$750,000, of which \$150,000 was paid in cash and the balance of which was paid by the issuance of 5,000,000 Shares. As the Company was not a reporting issuer at the time of the acquisition, no business acquisition report was filed by the Company. This Prospectus includes the audited financial statements of Cordillera for the six months ended June 30, 2020 and the unaudited financial statements of Cordillera for the year ended December 31 2019, attached as Schedule “D”, being the periods preceding the acquisition by the Company, following which the operations of Cordillera are consolidated into the financial statements of the Company. MD&A of Cordillera for the six months ended June 30, 2020 and year ended December 31, 2019 are attached to this Prospectus at Schedule “E”.

## MINERAL PROPERTIES

The Company’s material mineral project is the Pucarini Project, located in Peru. The Company also holds, through Amaru, the Esperanza Project, located in Peru, and, through Forte Cobre, the option to acquire a 60% interest in the Don Gregorio Project, also located in Peru.

### The Pucarini Project

A technical report prepared in accordance with the form requirements of NI 43-101 on the Pucarini Project dated February 15, 2021 has been prepared for the Company by Derrick Strickland, P. Geo. and Steven Park, CPG. The Pucarini Report reviews the Pucarini Project’s geology and mineralization and recommends an initial exploration program. The authors of the Pucarini Report are independent Qualified Persons as defined by NI 43-101. For readers to fully understand the technical information in this Prospectus, the Pucarini Report should be read in its entirety.

The following disclosure relating to the Pucarini Project has been substantially excerpted from the Pucarini Report. **A complete copy of the Pucarini Report is available for review, in colour, on SEDAR at: [www.sedar.com](http://www.sedar.com). Alternatively, the Pucarini Report may be inspected during normal business hours at the Company’s head office at Suite 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9, Vancouver, British Columbia for a period of thirty (30) days following completion of the Offering.**

### *Property Description and Location*

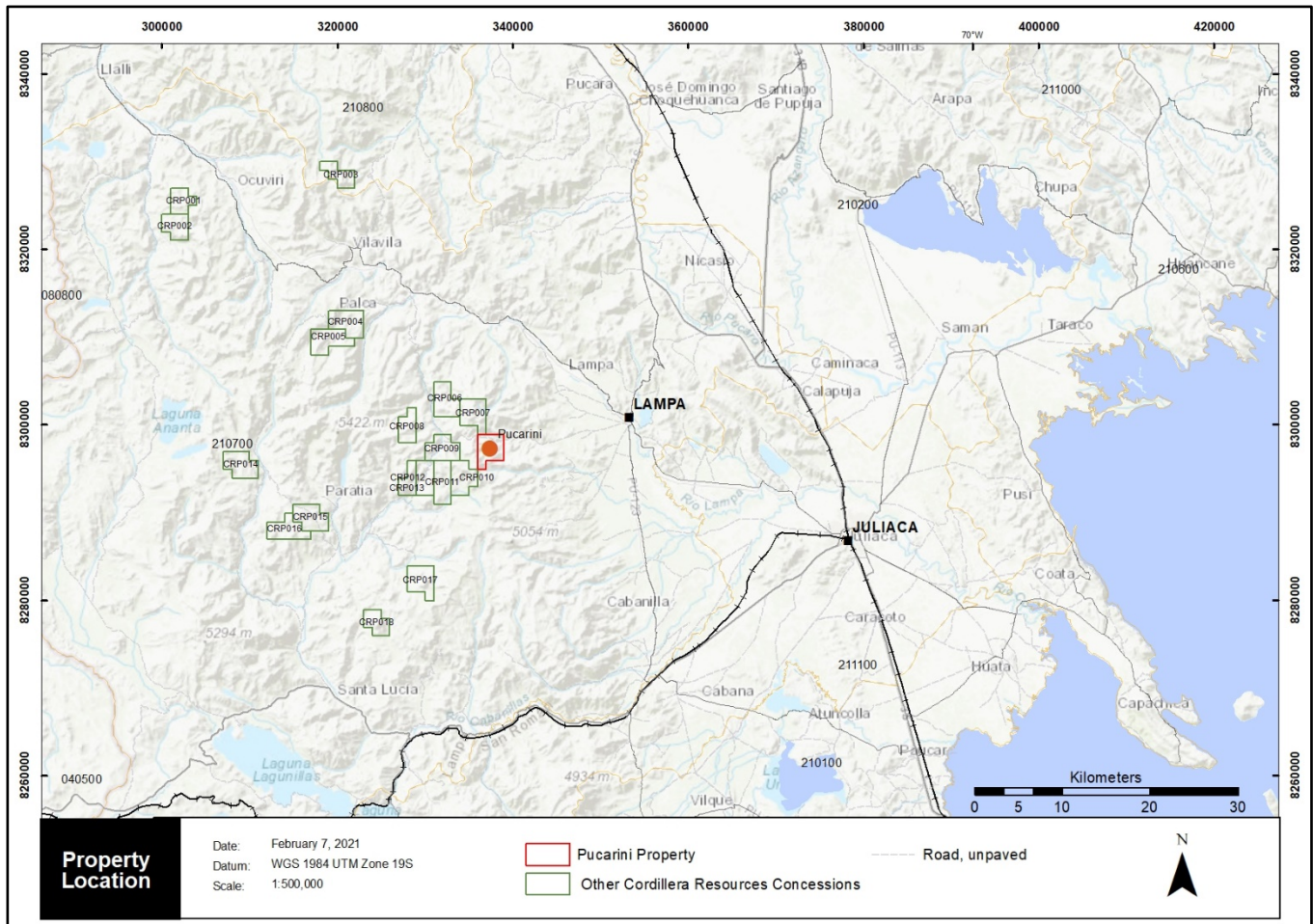
The Pucarini Project is located in southeastern Peru in the District of Palca, Province of Lampa, Department of Puno. The city of Juliaca, the region’s largest commercial centre, is 43 km from the Pucarini Project with a driving time of approximately 1 hour (Figure 1). Juliaca is located 830 km southeast of Lima.

The Pucarini Project consists of a single mining concession of 1,000 hectares and named GBT-92 and centred at 70° 30’ 51” W; 15° 55’ 56” S (Figure 2). This concession was acquired by Globetrotters Resources Peru SAC (**“Globetrotters Peru”**), a wholly owned subsidiary of Globetrotters in 2018 and is currently held by Cordillera, a 99.99% owned subsidiary of the Company.

A legal opinion dated November 27, 2020 written by Mario Chirinos Dongo of Dentons Gallo Barrios Pickmann SCRL, with address of General Cordova N0 313 Miraflores, Lima 18 Peru was provided to the authors. The legal opinion addressed mining rights on the Pucarini Project stating that Cordillera is the exclusive and unique title holder of the concession GBT-92. Also noted is a 1% NSR Royalty granted to Globetrotters Peru. The legal opinion confirms that Cordillera is a Peruvian subsidiary of the Company.

Pursuant to a share purchase agreement dated July 27, 2020 between Globetrotters and the Company, the Company acquired the Peruvian companies, Cordillera and Amaru for aggregate consideration of 5,000,000 Shares and \$150,000 in cash payment to Globetrotters. In addition, Globetrotters Peru retained a 1% net smelter return royalty on the Pucarini Project. Several other Peruvian mineral concessions held by Globetrotters Peru are also included in the July 27, 2020 agreement (shown in Figure 1). The subject of this Pucarini Report is only mineral concession GBT-92.

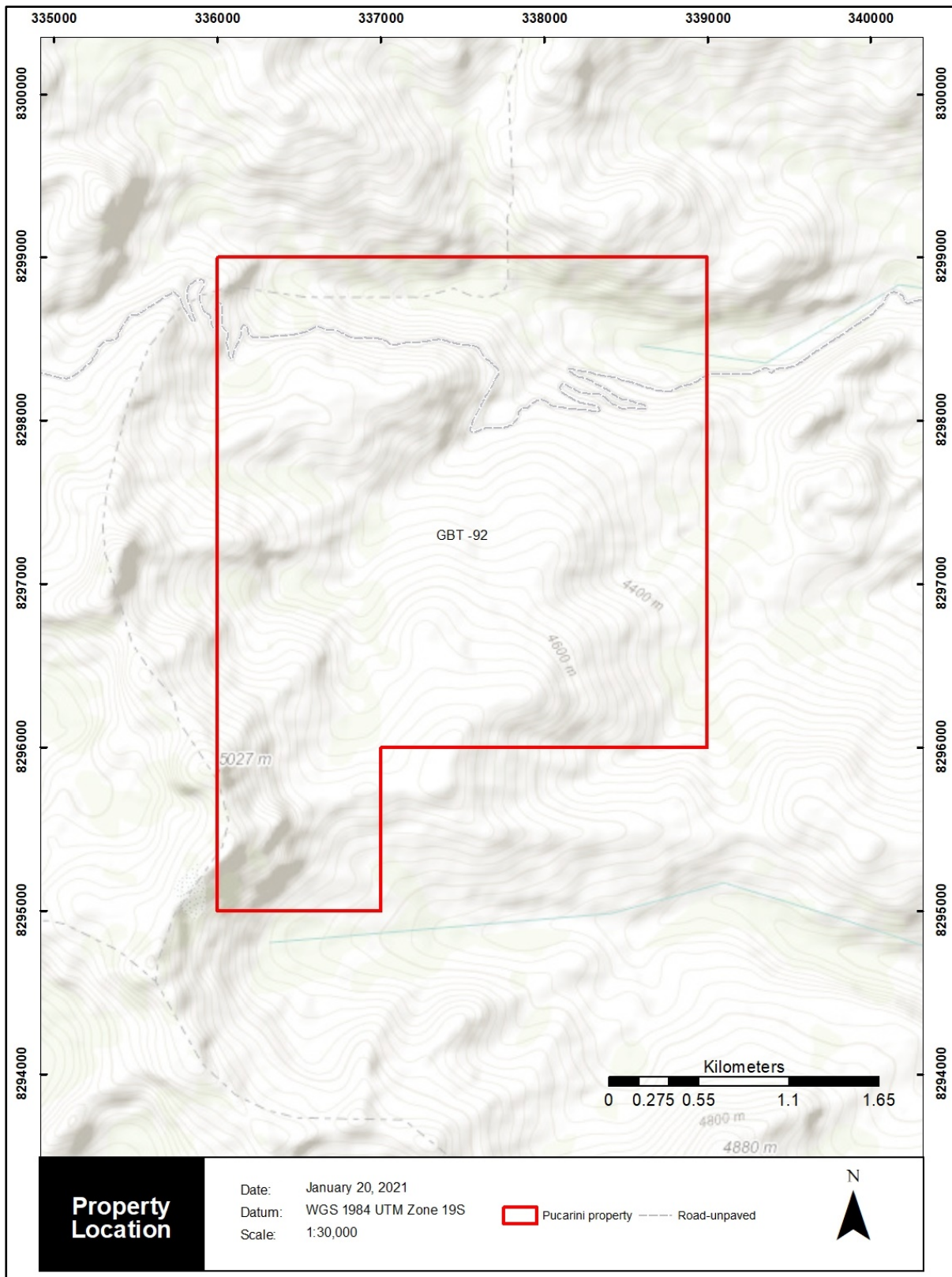
**Figure 1: Regional Location Map**



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Figure 2: Project Map



## *Mineral Rights*

The General Mining Law of Peru defines and regulates different stages of mining activities ranging from sampling and prospecting, to development, mining, and processing. The General Mining Law of Peru was changed in the mid-1990's to foster the development of the country's mineral resources. The law further defines and regulates different categories of mining activities according to the stage of development (prospecting, exploitation, processing, and marketing). The Peruvian State does not have free carry rights or options to acquire shareholdings in mining companies. There are no requirements for participation in ownership of mining rights by indigenous persons, groups or entities.

Titles over mineral claims are controlled by the Institute of Geology, Mining and Metallurgy ("INGEMMET"). The current status of any mining right can be verified by accessing INGEMMET's nationwide online concessions database at <https://geocatmin.ingemmet.gob.pe/geocatmin/> Mining concessions in Peru are valid for both exploration and mining activities. There is no discrimination between local and foreign ownership of the concessions unless the mining concession is within 50 km of the Peru border. Titles to mining concessions are granted using map datum UTM WGS 84 coordinates (Law No. 30428); prior to 2017 coordinates were listed using map datum UTM PSAD 1956. New mining concessions must be at least of 100 ha in size (1 km<sup>2</sup>) and must be oriented in a north-south or east-west direction. Pre-existing concessions, based on the old system (known as "Punto de Partida" or the starting point system), were located in any orientation and did not have a minimum size requirement.

The Mining Grid System corresponds to the 1:100,000 scale National Chart grid drawn up by the National Geographic Institute in the system WGS84, and defines areas whose vertices are located with UTM coordinates expressed in whole kilometres, based on of a grid of one kilometre on each side, equivalent to 100 hectares, as a minimum extension of the claim or concession.

All holders are required to move into production in due time and meet the thresholds for Minimum Annual Production ("MAP") or investment levels. If MAP or required investment are not made after year 10, the holder would have to pay a penalty equivalent to 2% of the minimum production<sup>1</sup>, currently estimated at approximately US\$26.00 per hectare. MAP is defined as a single tax unit (Unidad Impositiva Tributaria, "UIT"), equivalent to approximately US\$1,300.00. These rates apply to large and medium scale producers, while small scale and artisanal miners benefit from lower thresholds (i.e., 5-10% of the UIT for small-scale producers and 5% for artisanal miners).

If the threshold for minimum production is not reached after 10th year, the penalty increases up to 5% of the MAP (appr. ~US\$65.00 per hectare) required per year from the 15th year and to 10% of MAP (appr. US\$130.00 per hectare) from the 20th year.

## *Overview of Mining Law*

Ministerio de Energia y Minas de Peru (the Ministry of Energy and Mines of Peru) is the principal central government body in Peru responsible for regulating and managing the energy and mining sectors. Mining activities are defined and regulated through the General Mining Law of Peru, approved by the Peruvian Congress in 1992. Reconnaissance, prospecting, exploration, exploitation (mining), general labour, beneficiation, commercialization, mineral transport, and mineral storage outside a mining facility are the

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<sup>1</sup> In accordance with the provisions of article 40 of General Peruvian Mining Law, approved by Supreme Decree No. 014-92-EM, modified by Legislative Decree N° 1320.

mining activities defined under the General Mining Law. Mining concessions are granted to local and foreign individuals or legal entities by Ministerio de Energia y Minas de Peru (“MINEM”) through the Institute of Geology, Mining and Metallurgy (“INGEMMET”). INGEMMET is responsible for issuing mining concessions, maintaining a register of all issued mining concessions, and administering all taxes, payments and penalties related to issued mining concessions. Geological surveys and research are also conducted by INGEMMET.

Authorization to begin exploration and mining activities is issued by a section of MINEM known as the General Directorate of Mining (“DGM”). DGM also issues permits for general labour, beneficiation, and mineral transport activities as defined under the General Mining Law. The Mining Industry is also subject to the Prior Consultation Law, which defines the public consultation process for projects that may have an impact on indigenous people. The process must be conducted before project approval is granted.

Environmental compliance of all mining projects is governed by the Agency for Environmental Assessment and Inspection (“OEFA”), an agency of the Ministry of the Environment (Ministerio del Ambiente). OEFA governs evaluation, supervision, inspection, and sanction of environmental matters pertaining to mining projects and operations. Environmental certifications for projects that require a semi-detailed Environmental Impact Assessment (“EIASd”) are issued by the Environmental Certification National Service (“SENACE”) of the Ministry of the Environment.

#### *Environmental Regulations & Exploration Permits*

The General Mining Law, administered by the Ministry of Energy and Mines (“MEM”), may require a mining company to prepare an Environmental Evaluation (“EA”), an Environmental Impact Assessment (“EIA”), a Program for Environmental Management and Adjustment (“PAMA”), and a Closure Plan prior to mining construction and operation.

The Supreme Decree Nº 020-2004-EM classifies the environmental requirements for mining and exploration programs as follows:

- Category I: This category includes mining projects involving small-scale drilling programs up to and including a maximum 40 drill pads, a disturbed area of fewer than 10 hectares considering drilling platforms, trenches, auxiliary facilities and access means or the construction of tunnels with a total maximum length of 50 metres. These projects require the preparation of an Environmental Impact Declaration (“Declaración de Impacto Ambiental” or DÍA). Category I permits require, before their submittal to the Ministry of Energy and Mines, water-use permits from the Ministry of Agriculture, if required, and land-use agreements with the surface rights owners in the form of a registered agreement resulting from town-hall meetings in the local community(s).
- Category II: This category includes mining projects involving more than 40 drill pads, a disturbed area of more than 10 hectares considering drilling platforms, trenches, auxiliary facilities and access, or the construction of tunnels over a total length of 50 metres, require an authorisation called an Environmental Impact Study-semi detailed (“Estudio de Impacto Ambiental-semi detallado” or “EIA-sd”) and is approved by the Ministry of Energy and Mines. Category II permits, which include mining projects involving more than just drilling, must include, before their submittal to the Ministry of Energy and Mines, water-use permits from the Ministry of Agriculture, land-use agreements with the surface rights owners and evidence of having held town-hall meetings in all nearby communities. Additionally, the EIA-sd must include a detailed reclamation program once the drilling phase ends.

No permit is required for surface exploration such as surface mapping, sampling or geophysics. Permission of the surface rights owner is required for access to the project and for any surface disturbance such as trenching or the construction of trails.

The Company is in the process of acquiring all the information to submit a DIA to the Peruvian Government.

### *Royalties and Obligations*

Peru established a sliding scale of mining royalties in 2004, later modified in 2011. The modified mining royalties are the greater of 1% of sales or 1-12% applied to operating income.

The following is a summary of the main taxes that apply to miners in Peru (in addition to the annual holding fees of \$0.50-\$3.00/Ha):

- Corporate tax rate is 29.5%;
- Dividend withholding tax is 5%;
- Special Mining Tax of 2% to 8.4% applied to operating mining income; and
- Special Mining Burden of 4% to 13.12% applied to operating income (only applies to mining companies with tax stabilization agreements prior to 2011); and 8% of net profit paid to employees.

Foreign investors and local enterprises may apply for particular tax, currency and other stability agreements with the government of Peru, provided that specific requirements and minimum investments are met. The agreements guarantee stability for a term of ten years concerning: (i) the income tax regime; (ii) the currency exchange regime, including the free availability of foreign currency and free remittance of capital and profits abroad (only for foreign investors); and (iii) non-discrimination

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The Pucarini Project is located 43 km west-northwest of the city of Juliaca, the closest full-service city and the largest city in the Department of Puno. Regularly scheduled commercial flight service is available from the Juliaca airport to Lima and other major airports throughout Peru. Access to the Pucarini Project is by unpaved, maintained public roads from Lampa, which is the closest town located 16 km to the east of the Pucarini Project. Lampa is connected to Juliaca and Arequipa by the national highway network.

Pucarini has a temperate climate with a wet season from October through March and a dry season from April to September. Temperatures average 8.8°C (0.7 to 17.4°C) in the wet season and 6.2°C (-4.4 to 15.8°C) in the dry season. Precipitation averages 88.0 mm during the wet season and 14.5 mm during the dry season. Snow is common in August through November at higher elevations. The property topography ranges between 4,300 and 4,700 m above mean sea level.

Area vegetation is dominated by grass and small shrubs. Plants become increasingly sparse with higher elevations. The Pucarini Project is characterized by moderate slopes and local steep slopes adjacent to drainages. An unpaved public road maintained by local communities transects the northern edge of the property and connects smaller populated places with Lampa, the nearest town to the Pucarini Project.

There are currently no local resources such as water and power. The Property is an early-stage property; the potential tailings storage areas, potential waste disposal areas, heap leach pad areas, and potential processing plant sites have not been investigated, and therefore unknown at this time.

### ***History***

The only evidence of prospecting activity is a small prospect shaft located near the southern boundary of the Pucarini Project. Teck Resources Peru SAC explored the area in 2011-2015 and, according to informal verbal accounts, completed geological, geochemical, and geophysical surveys but exploration records are unavailable. The Pucarini Project became available for staking when Teck relinquished the ground in 2017.

Globetrotters successfully acquired the Pucarini Project through the regular bidding process in 2018. Globetrotters staff completed reconnaissance style mapping and sampling during 22 days of field exploration from 2018 to 2019 with objectives to outline the extent of hydrothermal alteration, characterise alteration style, and determine mineralization controls through geochemical surveys and spectral analysis of alteration minerals. The geochemical analysis was completed on 90 rock chip samples; 333 samples comprised of outcrop chips were analyzed by high-resolution mineral spectrometer (Terra Spec).

### ***Geological Setting and Mineralization***

#### ***Regional Geology***

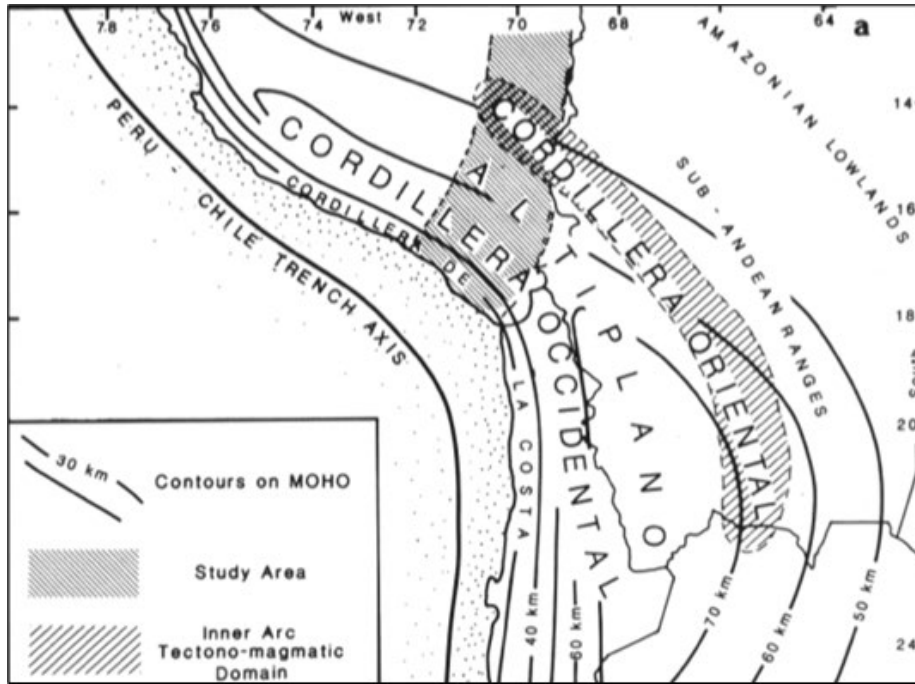
The Pucarini Project resides in the Neogene magmatic arc of Southern Peru near the eastern margin of the Inner-Cordillera Occidental (Clark et al., 1990, and Sandeman et al., 1995) as denoted in Figure 3 and Figure 4. The Neogene magmatic arc formed on deformed Paleozoic and Mesozoic rocks, which are probably underlain by Neoproterozoic crystalline basement (Clark et al., 1990). The Neogene magmatic arc is part of the persistent emplacement of intrusive and volcanic rocks throughout the Andean Orogeny that began in the very latest Triassic along the western margin of South America (McKee and Noble, 1989; Pitcher, 1985; Stewart et al., 1974). Relatively short episodes of active volcanism were separated by periods of volcanic quiescence lasting up to 25 Ma during construction of the main arc continuing through the Neogene.

The volcanic succession in the Pucarini area consists of andesite to dacite lava and pyroclastic units of the Miocene Sillapaca Formation dated 8.0 – 16.9 Ma (McKee and Noble, 1989, and Jenks, 1946) which appears to be similar to the volcanic units hosting the Arasi gold mine located 25 km to the northwest. The Quechua II unconformity (8 Ma) separates the Sillapaca volcanics from the Late Miocene to Pliocene Barroso Group (Benavides-Cáceres, 1999). Early Miocene volcanic rocks of the Tacaza Group have not been recognized in the immediate area of the project but appear on regional geology maps. Similarly, late Miocene to Pliocene, mainly acidic volcanic rocks equivalent to the Sencca Group, and younger andesitic lava flows related to Pliocene volcanoes assigned to the Barroso Group dated 5.6 – 6.7 Ma (Palacios Moncayo et al., 1993) do not occur in the project area (Figure 5).

The Late Cretaceous marks a time of a major tectonic and magmatic shift throughout the Andes coincident with the opening of the south Atlantic Ocean (Tosdal, 2003). Generally, there is migration of arc development towards the northeast. In southern Peru, the time is marked by Late Cretaceous shortening, collapse of the back-arc rift and eastward thrusting of marine volcanic and sedimentary sequences on top of continentally derived clastic rocks (Vicente et al., 1989, and Benavides-Cáceres, 1999). Magmatism continued in central and southern Peru during the Late Cretaceous (66 Ma) and continued into Paleogene

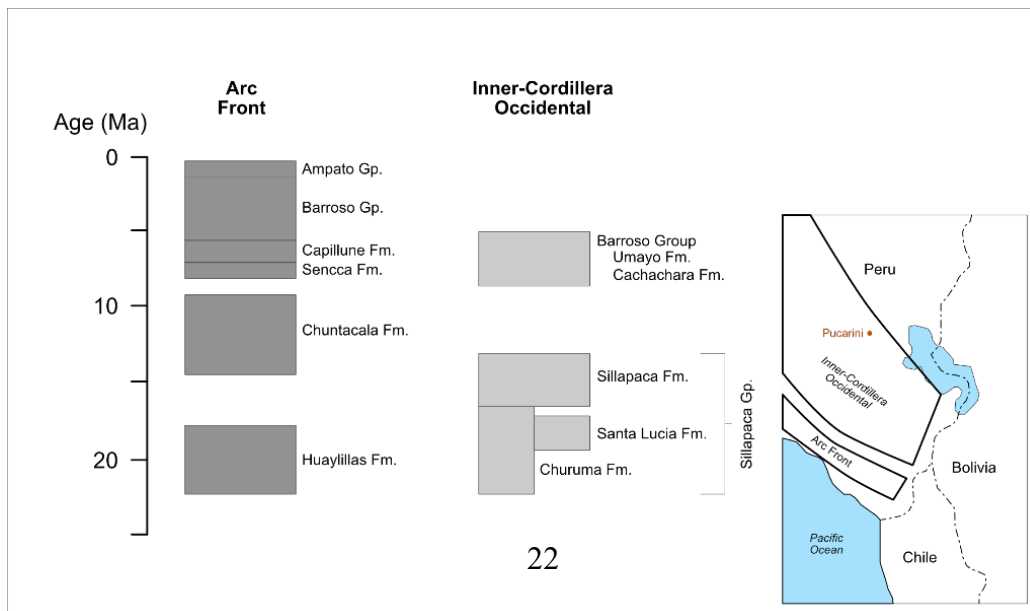
time (59 Ma) (Clark et al., 1990) and is responsible for obscuring the earlier rift sequence and late Cretaceous fold and thrust belt. This arc is preserved as thick dacitic to andesitic pyroclastic rocks and intermediate flows (Bellido, 1979) with igneous roots composed of large, Proterozoic-aged granodiorite batholiths derived from mantle and lower crustal material (Barreiro and Clark, 1984; and Boiley et al., 1990). This period of magmatism is correlative with the Toquepala Group rocks in the area between Toquepala and Cuajone (as seen in Figure 4).

**Figure 3: Geologic, geophysical, and topographic features**



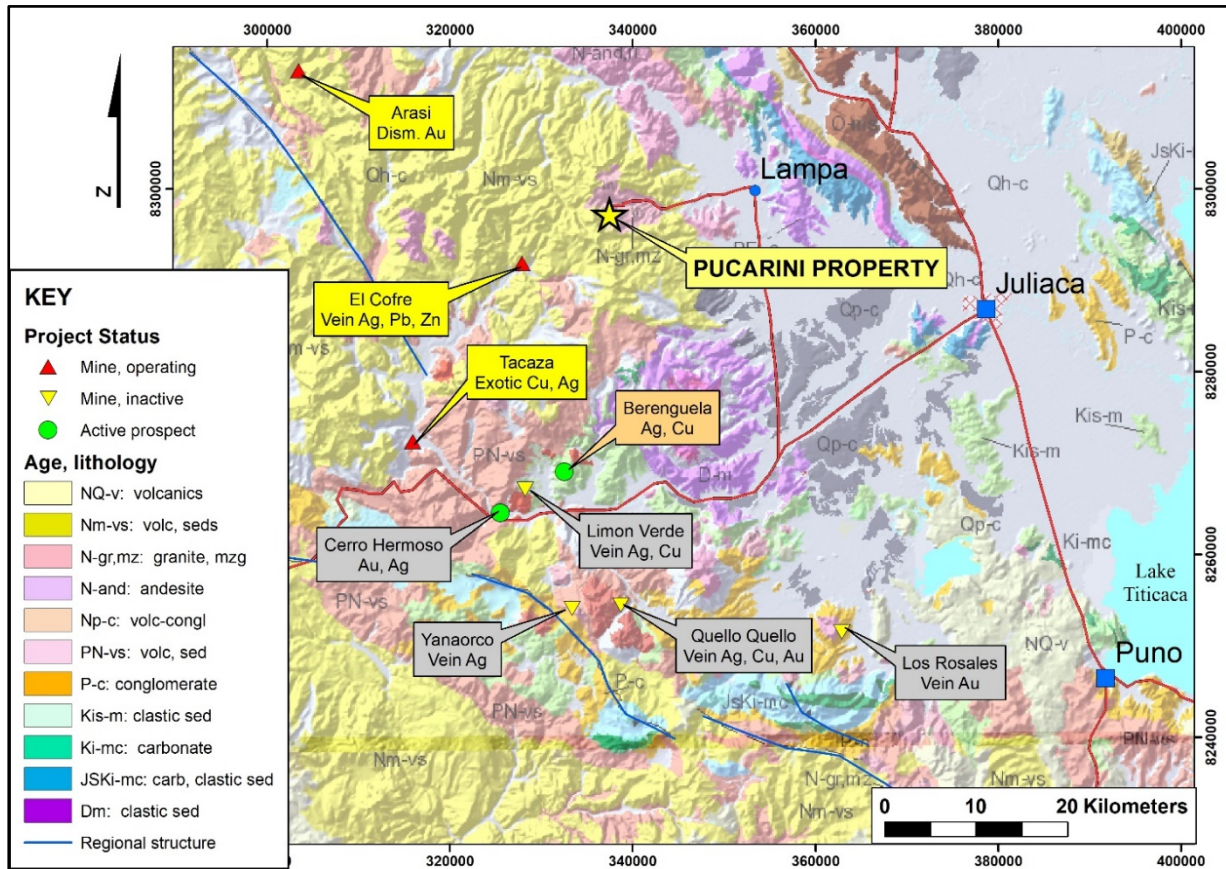
Geologic, geophysical, and topographic features of the central Andes in the vicinity of the Arica deflection (southern Peru, northern Chile, and western Bolivia) from Clark et al. (1990) showing major physiographic provinces with contours of crustal thickness. The Altiplano and Cordillera Occidental correspond with the entire Main Arc, which consists of the Inner Arc and Inner-Cordillera Occidental.

**Figure 4: Correlation of Neogene volcanic units**



Correlation of Neogene volcanic units in the Arc Front and Inner-Cordillera Occidental parts of the Main Arc in southern Peru. Modified after Sandeman et al. (1995).

**Figure 5. Regional geology and mineral occurrences, central sector, Department of Puno**



### *Property Geology*

Host rocks for gold mineralization on the Pucarini Project are tentatively assigned to the Miocene-age Sillapaca Formation. The Sillapaca Formation is a volcanic succession dominated by thickly stratified andesite pyroclastics and lava with lesser dacite pyroclastic layers (Figure 6). Figure 9 is the mapped geology on the Pucarini Project illustrating the spatial relationships of the units described below.

### *Lithology*

#### Quaternary Colluvium (Q-co)

Unconsolidated colluvium. Poorly sorted gravel, sand, and silt with lesser angular blocks derived from weathering and breakdown of underlying rock. Widespread deposits on hillslopes as sheetwash, rainwash, or downslope transport.

### Quaternary Alluvium (Q-al)

Unconsolidated alluvium composed of gravel, sand, and silt. Deposited by a stream or other non-marine body of running water as a sorted or semi-sorted sediment in the bed of the stream, or in the stream's floodplain or delta. Also as a cone or fan at the base of a slope.

### Quaternary Consolidated Colluvium (Q-mo)

Consolidated, poorly sorted angular blocks, gravel, sand, and silt derived from weathering and breakdown of underlying rock. Restricted deposits on hillslopes as sheetwash, rain-wash, or downslope transport.

### Miocene Rhyolite (N1-rhy)

Rhyolite flow. Light grey, fine-grained to aphanitic massive lava.

### Miocene Dacite (N1-dac)

Fine-grained to aphanitic grey groundmass. Phenocrysts in the porphyritic textured variety consist of 1-3 mm diameter quartz (5% vol.), 1-4 mm length plagioclase phenocrysts (20-35% vol.), 1-3 mm diameter black biotite (1-5% vol.), and minor fine-grained hornblende. Dacite flows occur as light-coloured, narrow, volumetrically minor discontinuous layers. The presence of quartz phenocrysts distinguishes this unit from andesite.

### Miocene Dacite Tuff (N1-dtuf)

Dacite tuff. Light purple-brown ash groundmass with <10% lapilli, 2-8mm length broken and intact plagioclase crystals (10-25% vol.), 1-2 mm diameter subrounded quartz crystals (2-5% vol.), 1-4 mm diameter black biotite (5% vol.) and minor, very fine-grained hornblende.

### Miocene Dacite lapilli tuff (N1-dltuf)

Light purple-brown ash groundmass with 40-50% lapilli. Phenocryst content is identical to the dacite tuff (above). Lapilli are of the same composition as the ash. Accidental clasts are rare. Lapilli are elongated or flattened; welding is common.

### Miocene Andesite Flow (N1-and)

Purple grey. Not differentiated by texture. Very fine-grained to aphanitic groundmass. Porphyritic variety has 2-8 mm length plagioclase phenocrysts, (10-25% vol.), and 0.5-3.0 mm length hornblende (5% vol.) set in a fine grained, dark grey, slightly purple or brown aphanitic or very fine-grained groundmass. Amygdules have not been observed. Andesite forms 0.5 - 50m thick layers in the volcanic succession. Columnar jointing is common in thicker layers (Figure 8).

### Miocene Andesite Flow, Aphanitic Texture (N1-anda)

Andesite flow. Grey, very fine-grained to aphanitic massive lava. Fine-grained plagioclase and hornblende may be visible. Vesicles or amygdules have not been observed. Andesite forms 0.5 - 50m thick layers in the volcanic succession. Columnar jointing is developed in thicker layers.



#### Miocene Andesite Flow, Porphyritic Texture (N1-andp)

Andesite flow. 2-8 mm length plagioclase phenocrysts (10-25% vol.) set in a fine-grained dark grey, slightly purple or brown aphanitic or very fine-grained groundmass. 0.5-3.0 mm length hornblende (5% vol.). Amygdules have not been observed. Andesite forms 0.5 to 50 m thick layers in the volcanic succession. Columnar jointing is common in thicker layers.

#### Miocene Andesite Tuff (N1-atuf)

Andesite tuff is composed of >90% volcanic ash containing abundant broken plagioclase crystals. It is deposited in 0.1 – 1.0 m thick layers normally as minor interlayers with andesite lapilli tuff. Welding of pyroclastic material is common. Hornblende and biotite are the mafic constituents.

#### Miocene Andesite Lapilli Tuff (N1-altuf)

Andesite lapilli tuff is composed of 70-90% ash with 2-5 cm diameter juvenile andesite fragments (10-30% vol.). Variably broken plagioclase crystals make up to 25% of the ash component. Lapilli clasts are flattened with welding common in most exposures. Andesite lapilli tuff unit accounts for the largest volume in the volcanic succession (Figure 7).

#### Miocene Andesite Lapilli Tuff, Welded (N1-altufw)

Andesite lapilli tuff as above (N1-altuf) but with flattened lapilli clasts and welded pyroclastic components.

#### Miocene Andesite Volcanic Breccia (N1-avbx)

Large (>64 mm), block-size angular to sub-rounded clasts of andesite cemented with fine-grained to aphanitic andesite. Brecciation is the result of internal processes acting during movement of semisolid or solid lava (e.g. autoclastic).

#### *Hydrothermal Alteration Facies*

Three main hydrothermal alteration facies are defined for mapping purposes based on the alteration mineral assemblages present. Minerals characteristic of the alteration facies are recognisable with a hand lens. Field observations are supported by spectral analysis samples collected from outcrops.

#### Silicic (SIL)

Silica replaces felsic sites, fine-grained groundmass, and introduced as open space filling. Silica may also result as a residual product of strong leaching by acidic hydrothermal solutions. Different styles of silica alteration, such as vuggy and steam heated silica have not been differentiated at the present level of mapping.

#### Advanced Argillic (ADV)

Hydrothermal alunite, pyrophyllite, and diaspore are commonly observed. Hydrothermal alunite has a crystalline texture that is easily distinguished with a hand lens. Crystal masses typically appear with a pale pink color. Pyrophyllite occurs as very fine-grained, clear crystal aggregates with a pearly lustre. White mica may be detected or recorded as sericite.

### Argillic (ARG)

Clay minerals replace felsic and mafic sites. Kaolinite is the most common alteration mineral. Smectite and dickite are identified from spectral analysis. Alteration intensity is classified based on the amount or degree of replacement at felsic sites.

### *Structure*

Recognition of the structural grain across the Pucarini Project by surface mapping has been limited by the scarcity of outcrop. The outcrops that have remained, however, are resistant to erosion primarily due to their higher content of silica introduced along structural conduits – faults and fractures - during hydrothermal alteration processes. Field mapping shows that these outcrops are primarily oriented with strike directions to the northwest following the regional Andean structural trend with minor conjugate structures trending to the east or northeast.

The most prominent of these structural trends on the Pucarini Project extends along irregular exposures more than 2,500 m in a northwest strike direction (Figure 10). Shorter trends of outcrops (approximately 500 m in length) are found in sub-parallel trends to the south of the primary structure. The alteration map defines short, discontinuous linear outcrops of advanced argillic alteration striking to the northeast, intersecting with the primary NW structural trend.

**Figure 6: Pyroclastic andesite**



Thick, horizontal pyroclastic andesite belonging to the Miocene-age Sillapaca Formation. The exposures shown are outside the alteration zone present on the Pucarini Project.

**Figure 7: Unaltered andesite**



Example of unaltered andesite lapilli tuff. Variably broken plagioclase crystals and lapilli are common and reveal the pyroclastic character. Plagioclase crystals have obvious cleavage and are glassy. Lapilli are visible in the centre and top-centre of the sample. Unaltered andesite has distinctive purple-brown matrix.

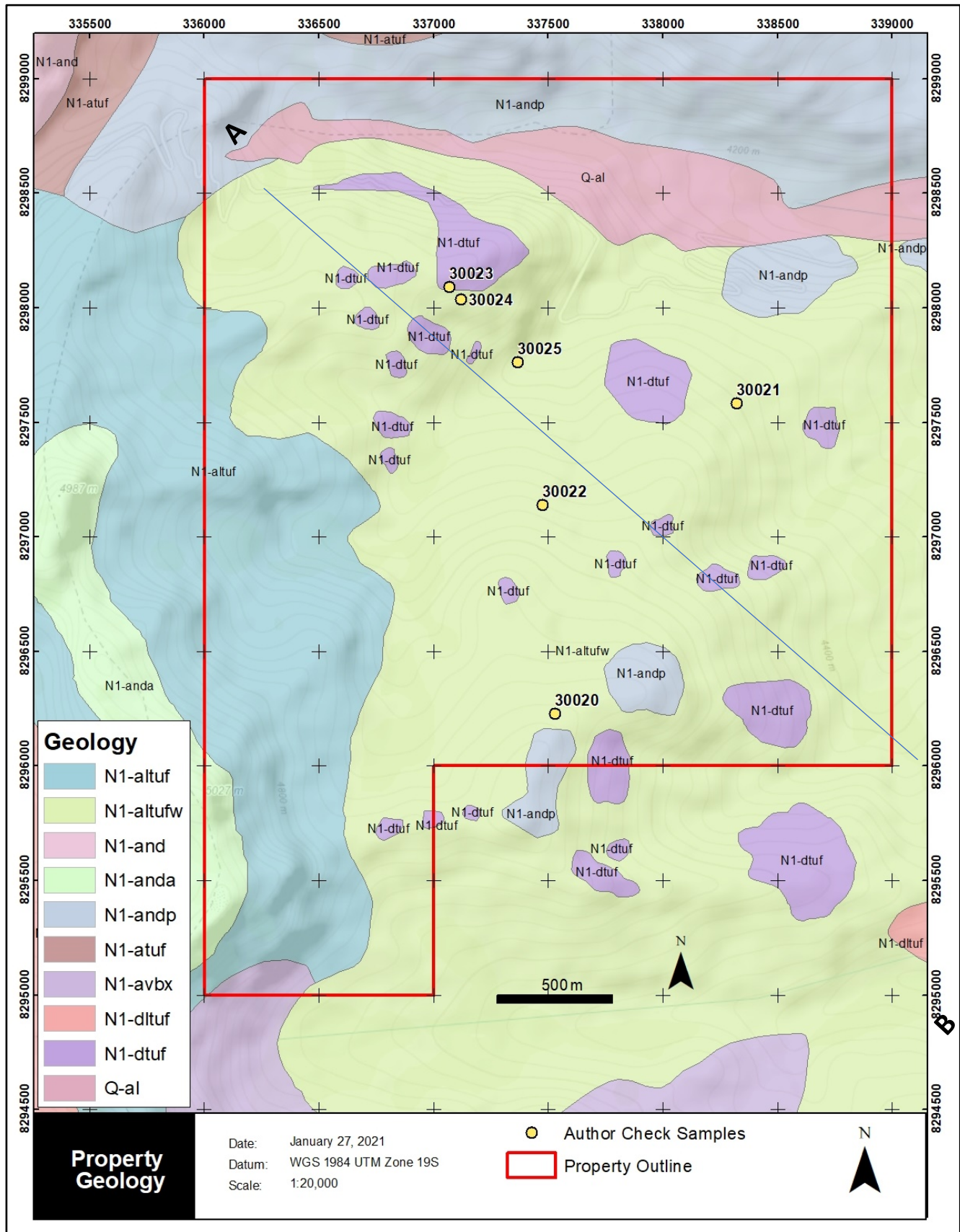
**Figure 8: Columnar joints**



Columnar joints developed in horizontal, well-layered and weakly altered andesite flows. Individual layers are 50-200 cm thick. This exposure is on the outer limit of the mapped Pucarini alteration zone. Minor white clay (kaolinite) incipiently replaces primary plagioclase and also occurs along some fracture surfaces where it is accompanied by jarosite. Minor chlorite partially replaces mafic sites in the andesite and traces of epidote replace plagioclase. Field relationships show peripheral propylitic alteration overprinted by argillic alteration.

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Figure 9: Pucarini Project Geologic Map - Lithology (Section A-B shown in Figure 12)



### *Hydrothermal Alteration and Mineralization*

The volcanic sequence on the Pucarini Project was intensely altered by hydrothermal fluids that produced hypogene alunite, pyrophyllite, quartz (silica) and jarosite, a mineral assemblage that defines advanced argillic type of alteration as commonly found in high-sulphidation gold systems. Outcrop mapping and geochemical sampling supported by spectral analysis of rock chips outlined two main subparallel alteration/mineralization trends (Figure 10).

Light brown, orange, and yellow colours related to argillic alteration in contrast with dark grey, unaltered andesite allow alteration zones to be confidently delimited by both remote sensing techniques and field mapping. Alteration and mineralization are controlled by a complex array of mineralized, steeply dipping fractures distributed across the property. The fracture arrays are enclosed by broader argillic alteration zones with alteration gradients decreasing outward to propylitically altered andesite. Kaolinite, alunite, illite (white mica), and pyrophyllite are alteration phases recognised in the field visually with the aid of a hand lens and confirmed by spectral analysis. Diaspore, paragonite, and dickite have been identified by spectral analysis of outcrop rock chips.

Fractures and faults control the distribution of alteration at all scales. Hydrothermal quartz is present as quartz veins and cement to hydrothermal breccias that occur in the fractures, and as pervasive replacement of wall rock adjacent to the fractures. Jarosite after pyrite commonly accompanies quartz veins and breccia. Wall rock adjacent to veins and fractures contains kaolinite, white mica (sericite and/or illite), alunite, and quartz with less common pyrophyllite, dickite and diaspore. Outboard of the silica-dominated alteration, hydrothermal kaolinite replaces felsic and mafic sites with diminishing intensity away from the fractures or veins. An alteration pattern is apparent at a property scale in which an irregular, linear zone of quartz veining and brecciation extending NW-SE over 2,500 meters is marked by an alteration assemblage of silica-kaolinite-alunite-white mica  $\pm$  pyrophyllite and an outer envelope of kaolinite-dominant alteration as illustrated in Figure 11.

### *Hydrothermal Alteration Facies*

Three hydrothermal alteration facies are defined for mapping purposes based on the alteration mineral assemblages present. Minerals characteristic of each alteration facies are recognisable in the field with a hand lens. Field observations are supported by spectral analysis of hand samples collected from outcrops (Figure 10).

#### Silicic (SIL)

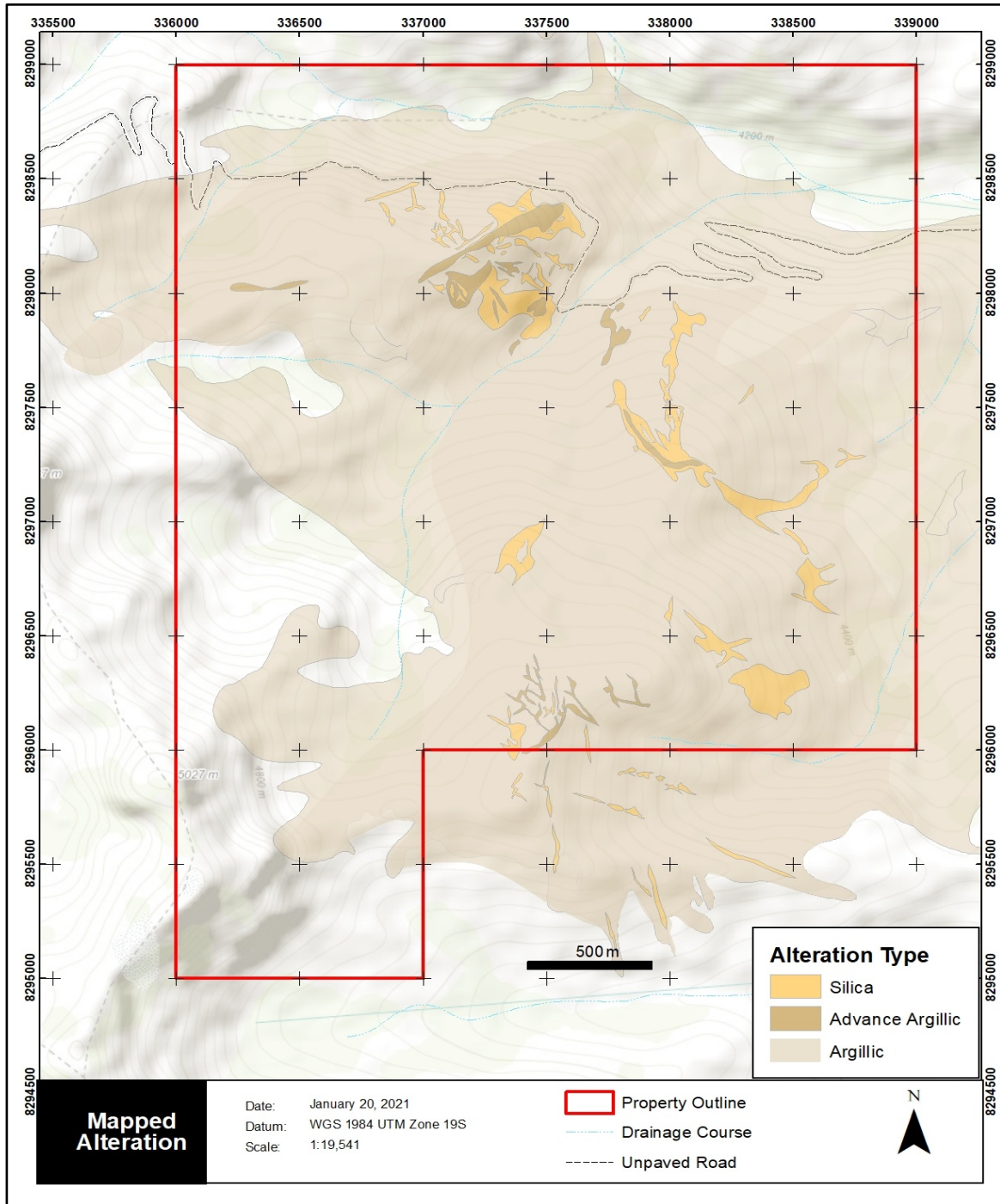
Silicic alteration is characterized by silica replacement in felsic sites and fine-grained groundmass, and as open space filling. Silica may also result as a residual product of strong leaching by acidic hydrothermal solutions. Different styles of silicic alteration, such as vuggy and steam heated silica, have not been differentiated at the present level of mapping. Silica replacement zones define northwest, north, and northeast oriented fractures in the volcanic succession.

#### Argillic (ARG)

Clay minerals replace felsic and mafic sites. Kaolinite is the most common alteration mineral. Smectite and dickite are identified from spectral analysis. Alteration intensity is classified based on the amount or degree of replacement at felsic sites.

The alteration map for the Pucarini Project shows strong, silica-dominant alteration enveloped by broader clay-dominant alteration. Kaolinite is the dominant clay phase in the argillic alteration zone. Dickite has been identified from spectral analysis.

**Figure 10: Pucarini Project Geologic Map - Alteration**



**Figure 11: Dark, planar ribs of silica-replaced andesite pyroclastic units**



Dark, planar ribs of silica-replaced andesite pyroclastic units enclosed by strong clay alteration accompanied by jarosite exposed on hillsides. A tabular, sub-vertical silica-rich rib with abundant yellow jarosite is visible in the foreground. Multiple orientations of fracture-controlled silica ribs are evident in the photograph. Abundant jarosite is associated with the rib of silica replacement in the foreground and has a strike oblique to the photograph. Multiple orientations of silica ribs are visible on the hillside. Alunite, white mica and less common pyrophyllite are present with the silica. Unaltered, horizontal layers of andesite are visible in the upper left corner of the photograph (After Globetrotters 2021)

#### Advanced Argillic (ADV)

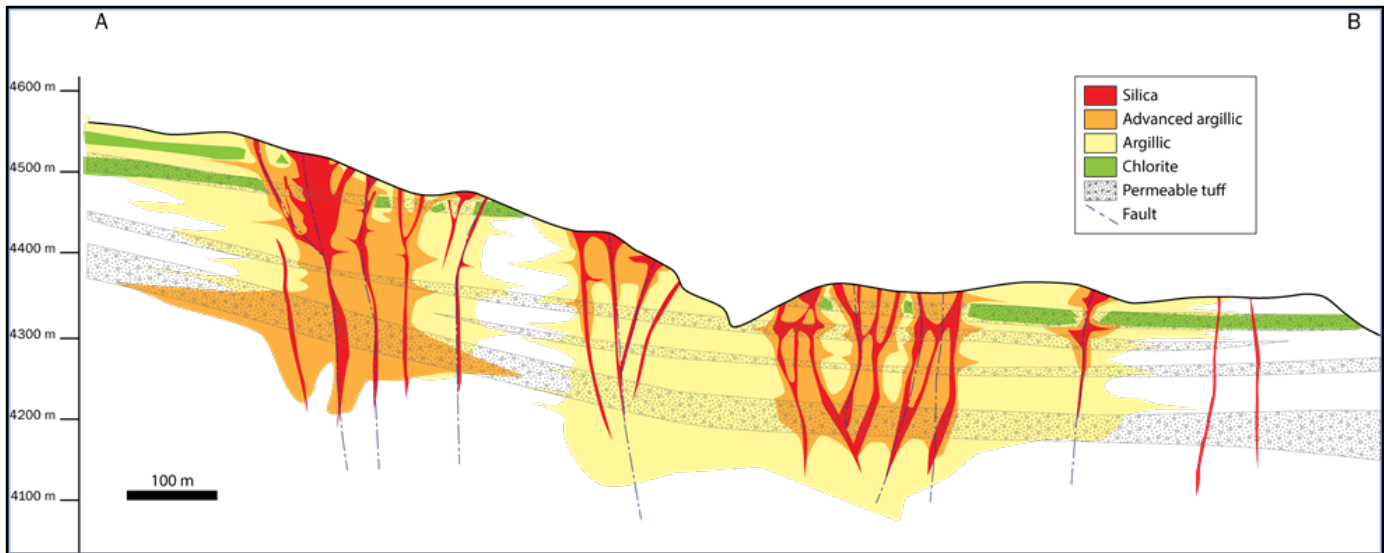
Advanced argillic mineral assemblages consisting of hydrothermal alunite, pyrophyllite, white mica, and diaspore accompany silica replacement. Hydrothermal alunite is easily distinguished with a hand lens as pale-pink, coarse crystalline masses. Pyrophyllite occurs as very fine-grained, clear crystalline aggregates with a pearly lustre. White mica may be detected or recorded as sericite. Diaspore has been reported from spectral analysis.

#### *Hydrothermal Breccia*

Hydrothermal breccia occurs in tabular, vertical structures described in the preceding section as breccia dikes and veins. In addition, larger hydrothermal breccia bodies with pipe-like geometry have plan dimensions in the order of 50-100 metres and irregular shapes. They are associated with the more intense clay alteration. Mapping has not progressed sufficiently to accurately delimit any individual, large hydrothermal breccia bodies.

Figure 12 is a schematic section illustrating alteration controls on the Pucarini Project. The exploration hypothesis involves hydrothermal fluid transmitted along vertical fractures that cut the horizontal volcanic sequence and control alteration and mineralization. Horizontal mineralized zones are inferred where conduits intersect permeable volcanic layers. Extensive argillic alteration encloses more restricted advanced argillic alteration associated with silica and gold mineralization.

**Figure 12: Schematic Section A-B**



See Figure 9 for the location of “A” and “B” (modified from Globetrotters, 2021). View to the northeast

## **Deposit Types**

### *High-sulphidation Epithermal Precious Metal Deposits*

The character of alteration and gold mineralization on the Pucarini Project is consistent with high-sulphidation epithermal precious metal deposits. Hedenquist (1987) proposed the term high-sulphidation to classify epithermal deposits originating from low pH (acid) hydrothermal fluids exsolved from magma bodies emplaced at shallow crustal levels. The distinctive alteration and potential ore minerals associated with this deposit class reflect the acidic nature of hydrothermal fluids involved in their formation. Well-known examples of high-sulphidation gold deposits are: Yanacocha, Peru (Harvey et al., 1999; Teal and Benavides, 2010); Pierina, Peru (Rainbow et al., 2005); Pueblo Viejo, Dominican Republic (Nelson, 2000); El Indio, Chile (Jannas et al., 1990); Comstock, USA (Hudson, 2003); Tonopah, USA (Sillitoe and Hedenquist, 2003); and Lepanto, Philippines (Hedenquist et al., 1998).

The diverse size, grade, depth and geometry of epithermal precious and base metal deposits is a function of different tectonic, igneous, and structural settings where they occur and the multiple mineralization and alteration processes involved in their formation (White and Hedenquist, 1990) Most high-sulphidation epithermal deposits are concentrated along convergent plate margins in coeval or slightly older volcanic units of calc-alkalic affinity. A smaller proportion of this deposit type are hosted in the basement rocks underlying the volcanic units (Sawkins, 1990). The largest proportion of deposits are Cenozoic because of their poor preservation potential. Deposit formation in areas of high-relief and rapid uplift erode quickly. Although much less common, older examples occur such as the Mesozoic Cerro Vanguardia deposit in Argentina (Schalamuk et al., 1997).



Principal factors influencing the character of mineralization are geology, chemistry of hydrothermal fluid, pressure, temperature, and hydrology. Faulting and fracturing, host rock stratigraphy, and intrusions determine deposit geometry. Metal transport, ore mineralogy, vein composition, alteration assemblages and alteration intensity are influenced by hydrothermal fluid chemistry. Hydrothermal fluid flow is governed by primary and hydrothermally induced permeability of host rock units and fault/fracture arrays. These factors combine to influence the resultant size and grade of the mineral deposit (Sillitoe, 1993; Sillitoe and Hedenquist, 2003).

Mineralization commonly occurs in steeply dipping veins in association with minor faults showing small displacements or fractures. Examples of deposits hosted in major faults are uncommon. Strike lengths of these veins can be greater than 1,000 m; their vertical extent may range an order of magnitude from 10 to 100's of metres.

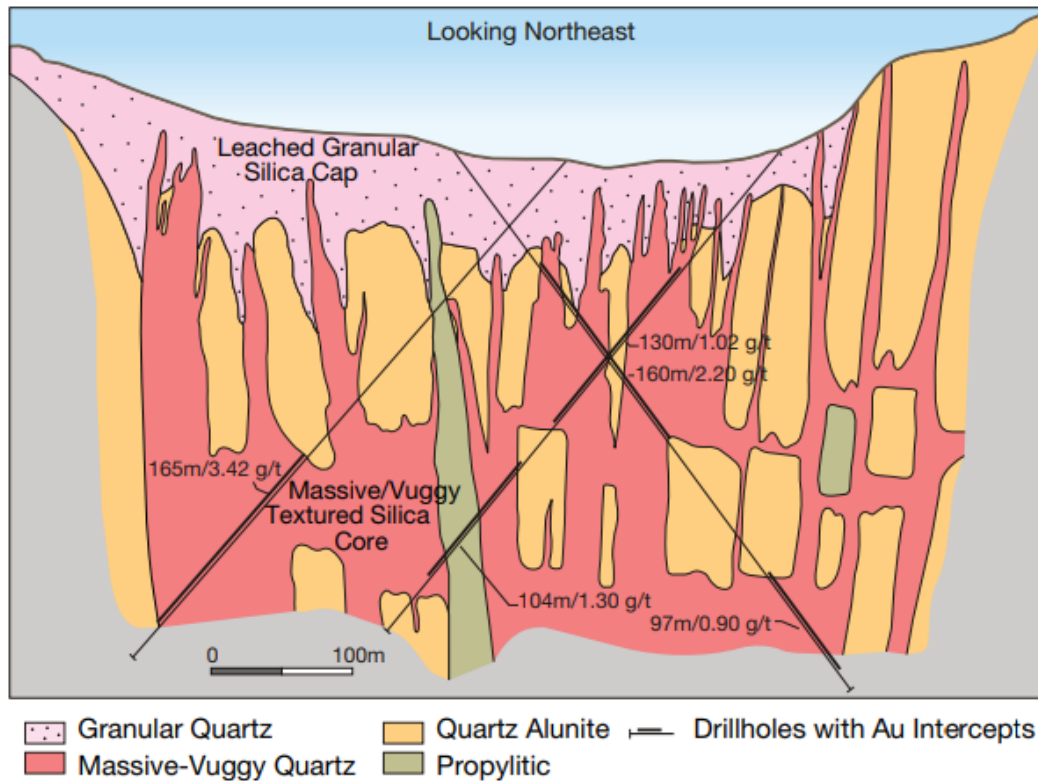
Quartz is the dominant gangue mineral in veins and associated wall-rock alteration. Pyrite is the dominant sulphide; its content is highly variable from trace amounts to >25 volume percent. Most high-sulphidation epithermal deposits are mined for gold and silver, but other metals such as copper and zinc have been recovered as significant credits with Au-Ag ore.

The Yanacocha gold system is a large, well-documented, high-sulphidation gold system located in northern Peru that exhibits classic advanced argillic alteration patterns. Gold mineralization is hosted in a Miocene volcanic sequence composed of felsic and intermediate pyroclastic units and minor lava. Alteration is characterized by extensive silica replacement and residual silica related to hydrothermal leaching by acidic fluids. Alunite, kaolinite, pyrophyllite, and diaspore are the main alteration phases that are spatially associated with silica alteration and gold mineralization. Alteration is most intense along vertical hydrothermal fluid conduits of massive and vuggy silica enveloped by advanced argillic alteration (Figure 12).

The author (Strickland) has not verified the information on the Yanacocha gold system and the information disclosed is not necessarily indicative of mineralization on the Pucarini Project. Mineralization hosted on adjacent and/or nearby and/or geologically similar properties is not necessarily indicative of mineralization hosted on the Pucarini Project.

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Figure 13: Section through Chaquicocha Sur deposit, Yanacocha



This section from Yanacocha illustrates the occurrence of gold in sub-vertical, massive/vuggy silica structures enveloped by advanced argillic alteration and capped by a leached zone of granular silica (Teal and Benavides, 2010).

#### *Classification of Sulphidation State*

Sulphidation, as used to distinguish the oxidation state of aqueous sulfur species in hydrothermal solutions (White and Hedenquist, 1990; Hedenquist and Lowenstern, 1994), was integrated with petrology studies to quantify stabilities of sulfur-bearing minerals on the basis of sulphur fugacity (Barton and Skinner, 1967, Hedenquist et al., 1994; Einaudi et al., 2003) to characterize low-, intermediate-, and high-sulphidation states. Einaudi et al. (2003) recognized that the sulphidation state of ore-forming fluids varied through time and space and that the variability in sulfide species, especially Cu-, Fe-, and As-bearing sulfides, was in response to processes within an evolving hydrothermal environment.

The simple approach of Hedenquist (1987) using fundamental fluid chemistry appears to be the most practical method as the fluid chemistry can be readily inferred from vein and alteration mineralogy, alteration zoning, and deposit form determined from field observation. In applying this approach, it is important to establish mineral paragenesis for identifying minerals that form with mineralization and not include minerals that predate and post-date mineralization. A growing body of research shows early, highly reactive hydrothermal fluid responsible for intense rock leaching evolves to a more reduced (intermediate) fluid, which may be responsible for mineralization (Stoffregen, 1987). The evolution of hydrothermal fluid composition is probably related to increased mixing of magmatic and meteoric water (Giggenbach, 1988). Diagnostic minerals of the three most commonly used classification schemes are

summarized in Table 1. The obvious correlation of acid pH alteration style with high-sulphidation sulfide mineral assemblage causes informal interchange of the two classification schemes.

**Table 1: Diagnostic Minerals and Textures of Various States of pH**

Acid pH		Neutral pH
Alunite, kaolinite (dickite), pyrophyllite, residual/vuggy quartz		Quartz-adularia ± illite, calcite
<i>High sulphidation</i>	<i>Intermediate sulphidation</i>	<i>Low sulphidation</i>
Pyrite-energite,± luzonite, covellite, digenite, famatinite, orpiment	Tennantite, tetrahedrite, hematite- pyrite, magnetite, pyrite, chalcopyrite, Fe-poor sphalerite- pyrite	Arsenopyrite-loellingite-pyrrhotite, pyrrhotite, Fe-rich sphalerite-pyrite
<i>Oxidized</i>		<i>Reduced</i>
Alunite, hematite-magnetite		Magnetite-pyrite-pyrrhotite, chlorite-pyrite

Sulphidation and oxidation state used to distinguish epithermal ore-forming environments (Giggenbach, 1997; Einaudi et al., 2003). (The use of hyphens between minerals indicates an equilibrium assemblage for which all phases need to be present). From Simmons et al. (2005).

### **Exploration**

The Company conducted an exploration program on the Pucarini Project from October 26 to November 17, 2020 (by hiring Globetrotters Peru to undertake the field program). The program included geochemical surveys concurrent with geologic mapping. A total of 124 rock samples, 552 soil samples, and one stream sediment sample were collected during the geochemical survey. The geophysical survey consisted of 27.55 line-km of induced polarization (IP) and 82.31 line-km of ground magnetics that were oriented following the results of the geochemical survey and geologic mapping. See “*Sample Preparation and Analysis*” below for sampling details.

### **Geologic Mapping**

All recent exploration work undertaken on the Pucarini Project was conducted or controlled by Globetrotters. Exploration by Globetrotters was initiated with reconnaissance-style geological mapping and outcrop sampling of mineralized structures, primarily quartz veins and hydrothermal breccia dikes. Geological mapping outlined intense silica replacement, residual silica, advanced argillic, and argillic alteration zones focussed along two subparallel, west-northwest oriented alteration zones. Subsequent mapping has shown subsidiary advanced argillic alteration zones connect the two dominant zones and all are enclosed by a broad zone of argillic alteration. Propylitic alteration with a mineral assemblage of

chlorite + epidote + pyrite + calcite surrounds the argillic alteration. Routine analysis of rock chips from outcrop by spectral methods confirms the mineral assemblages determined by field observations.

### *Geochemistry*

#### Rock Chip Sampling

Globetrotters personnel collected 124 samples from mineralized and altered outcrops. These samples indicate gold mineralization is associated with hydrothermal brecciated dikes and veins, and quartz veining associated with higher temperature alteration indicated by quartz-pyrophyllite. Broad zones of very fine-grained disseminated pyrite do not show a direct association with gold. More sampling is necessary to understand the controls and timing of gold deposition.

Most rock chip samples that returned gold values greater than 0.5 ppm Au were collected from outcrops at elevations lower than 4,500 m. Rock chip samples collected from veins and breccia dikes at higher elevations returned values <0.1 ppm Au. This observation suggests an elevation control on gold mineralization (Figure 14).

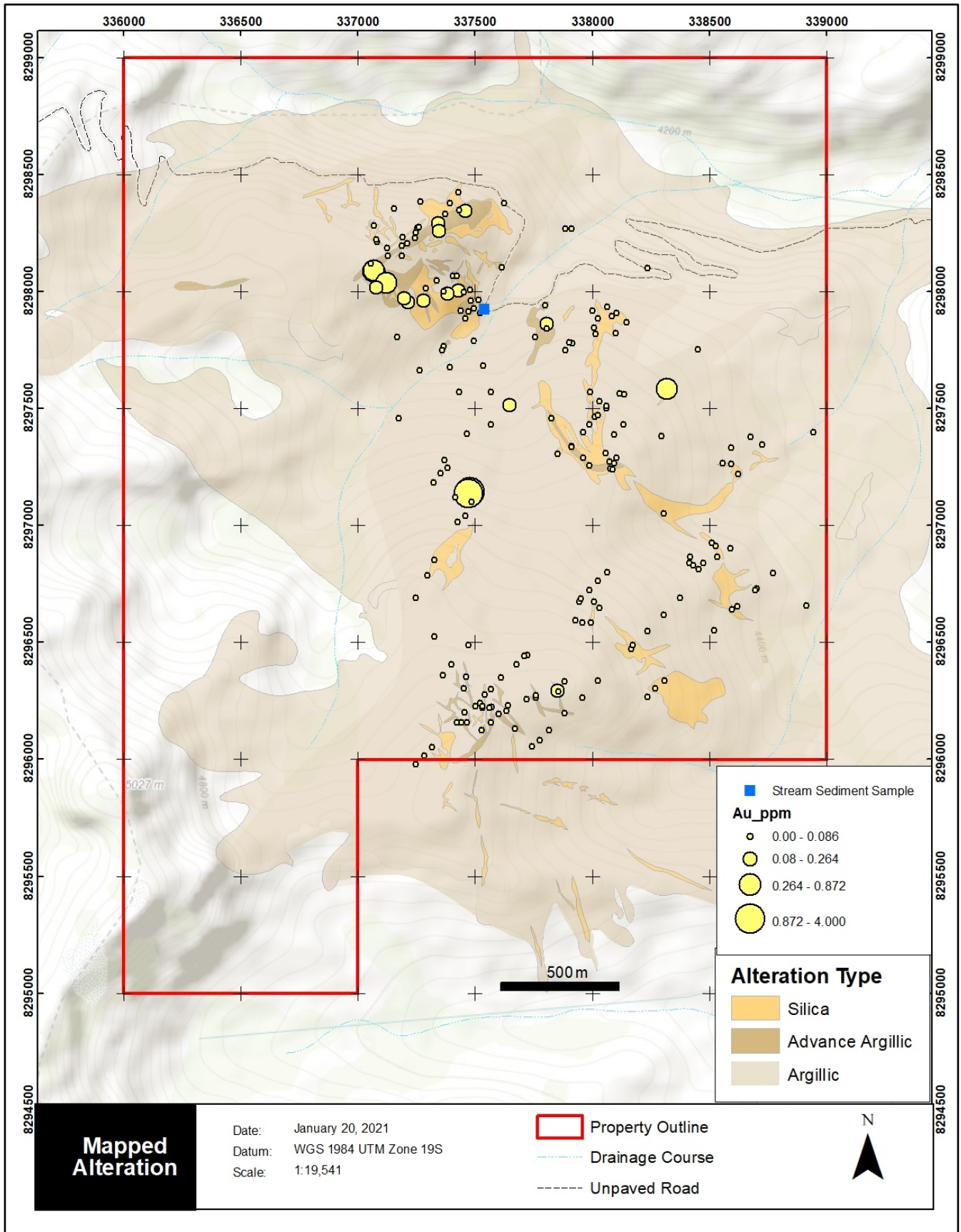
Outcrop sampling indicates gold is associated with hydrothermal breccia dikes and veins associated with higher temperature advanced argillic alteration assemblages containing pyrophyllite. More comprehensive outcrop sampling and mapping was completed in mid-November, 2020 leading to the observation that gold is associated with silica-dominated alteration occurring as hydrothermal cement in breccia dikes and pervasive replacement in wall rock of breccia dikes and quartz veins. Most quartz (silica) was introduced after clay-pyrite alteration as shown in rare outcrops located at lower elevations. Limited rock chip sampling indicates low gold grades in this early phase of alteration.

#### Spectral Analysis

Globetrotters Peru staff collected 342 rock specimens for mineral identification by measuring and interpreting short wavelength infrared spectra. Rock specimens approximately 3 x 3 cm in size were chipped from outcrops and placed in small plastic ziplock bags with a sample identification number corresponding to a GPS location recorded in UTM coordinates in map datum WGS84, zone 19S. Notes describing lithology and alteration were recorded in a field notebook and entered into an Excel spreadsheet. Samples were submitted to ALS in Arequipa for spectra measurement and interpretation by ALS staff in Lima. ALS uses a TerraSpec instrument for measuring the short wavelength infrared spectra of submitted samples (ALS Code: HYP-PKG). Interpretation is done using aiSIRIS analysis software.

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Figure 14: Gold geochemistry in rock chip samples from outcrop.



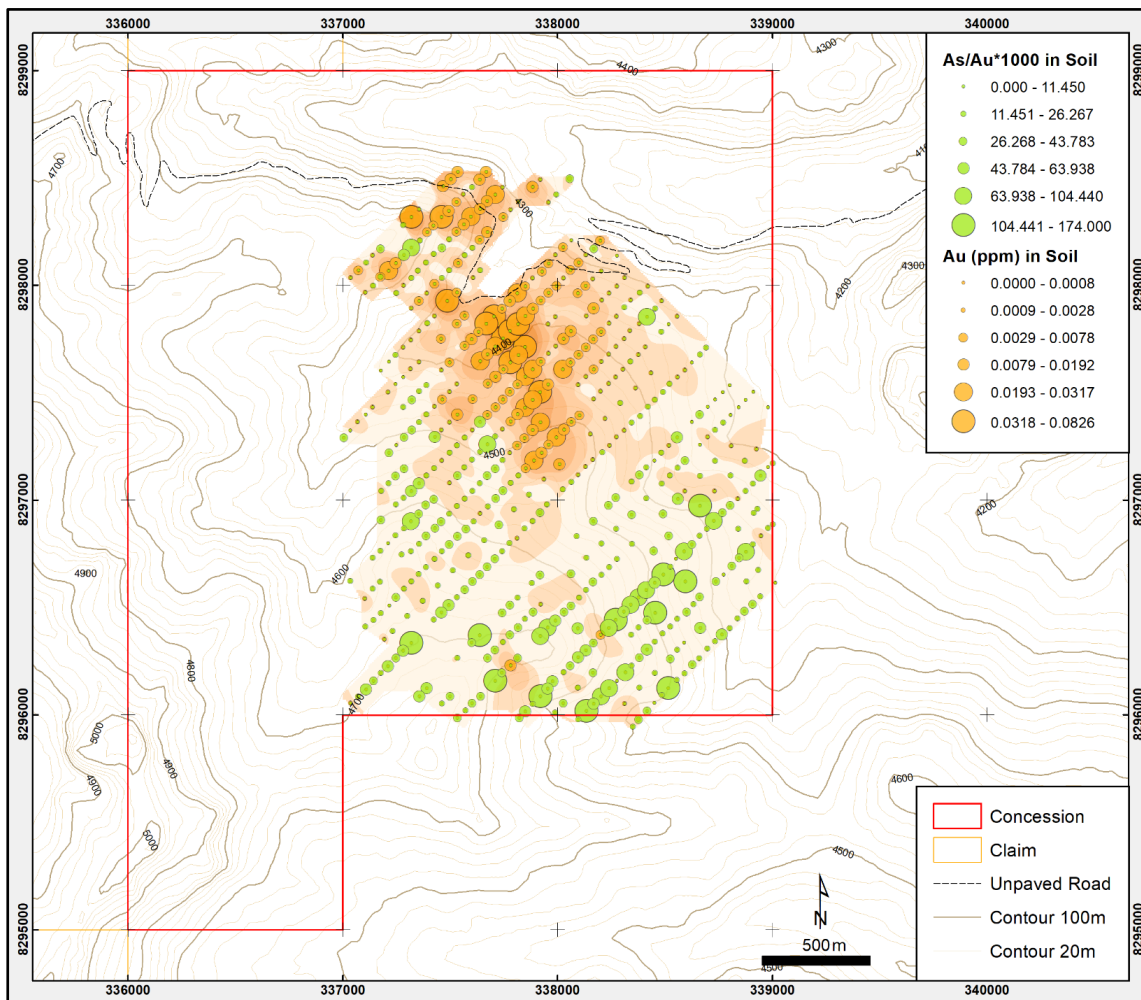
## Soil Sampling

To date, 552 soils samples have been collected from the Pucarini Project. The soil geochemical program was effective at identifying a coherent gold anomaly in soil above a bedrock source measuring 1.5 x 0.9 km (Figure 15). The soil anomaly coincides with anomalous outcrop samples and zones of high chargeability and high resistivity subsequently defined by the IP geophysical survey. The soil anomaly is open to the north and northwest. Higher arsenic values peripheral to the gold anomaly may reflect a temperature gradient established while the epithermal system was active causing arsenic, tellurium, and zinc to deposit outboard of gold, molybdenum, barium, and copper.

Arsenic, zinc, and tellurium anomalies on the fringes of the soil grid are both laterally and vertically above the gold. Limited outcrop and soil data indicate there is a vertical control on gold mineralization. The arsenic anomalies at higher elevations on the south side of the soil grid are significant in that they suggest gold mineralization occurs at depth and could connect to the gold anomaly to the north at a lower elevation.

Soil geochemical results show that gold anomalies in soil are localized around mineralized outcrops, including on the up-slope side, with minimal down-slope migration of the gold anomaly indicating that little dispersion of gold in soil has occurred. The soil anomalies suggest that gold mineralization is more extensive and continuous than inferred from the geochemical results from rock chip sampling.

**Figure 15: Gold and arsenic geochemistry in soil samples**



## *Geophysics*

Magnetometry and Induced Polarization (IP) surveys were planned for Q2-2020 but it was necessary to delay the work until late October 2020 due to travel restrictions arising from the global COVID-19 pandemic. The geophysical program comprising 27.55 line-km of IP (see Figure 16 for location) and 82.31 line-km of ground magnetic surveying (Figure 18 for grid location) was completed on November 22, 2020 by Deep Sounding E.I.R.L. (Deep Sounding).

The magnetometry survey was conducted with 2 crews simultaneously operating GEM Overhauser magnetometers. This type of magnetometer has a sensitivity of 0.022 nT at 1 Hz and a resolution of 0.01 nT. A differential GPS was used to position measurements. Surveying was conducted along north-oriented survey lines aligned parallel to the WGS84 zone19S UTM grid and spaced at 200 m. The survey results contain a noticeable amount of magnetic noise, which is attributed to higher-than-normal diurnal magnetic field fluctuations and the small distance between the magnetic sensor and ground surface. The noise produces high-frequency variations along survey lines that are especially noticeable on the east side of the survey grid.

The IP survey used a pole-dipole electrode array to measure chargeability and resistivity with a variable electrode spacing of 50, 100, 150, and 200 metres. Survey lines were spaced at 200 metre intervals on an azimuth of 045°. Survey stations were located using a differential GPS. Deep Sounding used a GDD Model GRx8-32-time domain IP receiver capable of reading up to 32 channels. The transmitter was a Walcer Geophysics Limited Hunttec KW10, which has 10 output voltage selections of 100 to 3,200 volts.

IP survey lines were positioned over the strongest mineralization and alteration as recognised from preceding surface mapping and geochemical sampling programs.

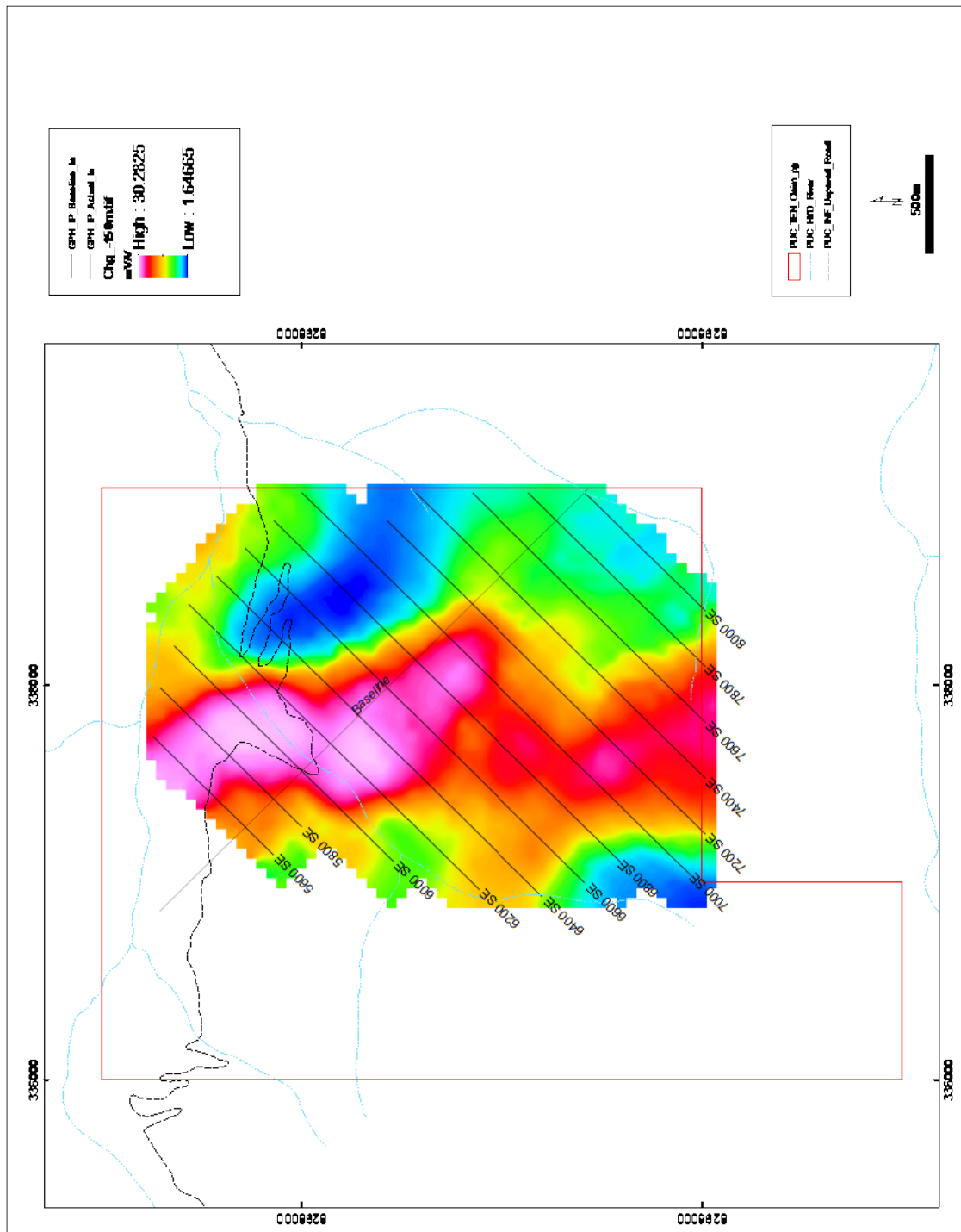
Total Field magnetic response is shown in Figure 17 with an inverted colour palette. The geomagnetic field is close to horizontal in this location and inverting the colour palette is a common technique for simulating a reduction to pole (RTP) filter. Magenta-coloured domains are unaltered andesite units.

Zones of high resistivity in the northern sector of the grid at lower elevations correlate with strong silica alteration (see Figure 16). The northwestern resistivity anomaly appears as a near-surface, flat feature on lines 5600 through 6200. The southeast resistivity anomaly forms a coherent zone on lines 6400 through 7200. It is more deeply seated with a vertical form compared with the northwest anomaly. A larger zone of high resistivity is located on the south side of the survey grid and is interpreted as silica alteration located beneath an array of narrow but persistent breccia dikes and breccia veins. This anomaly has a flat geometry near surface on lines 6400 to 7200 with a root appearing on lines 6600 to 7800 that persists to the lower limit of the inversion model. The two lobes of higher resistivity are located on the flanks of a prominent north-trending chargeability zone (Figure 16). The chargeability anomaly appears as a vertical feature on the inverted chargeability sections (Figure 17).

The main chargeability anomaly shows correlation with a deep conductive body caused by alteration associated with the formation of the deposit, an event that caused the formation of secondary porosity with the consequent drop in resistivity.

Following the geological work, it is recommended to run a program of diamond drilling with exploration targets greater than 300 m depth. Holes should be collared in the surface resistivity anomaly with the objective of evaluating the extension of surface geochemical anomalies.

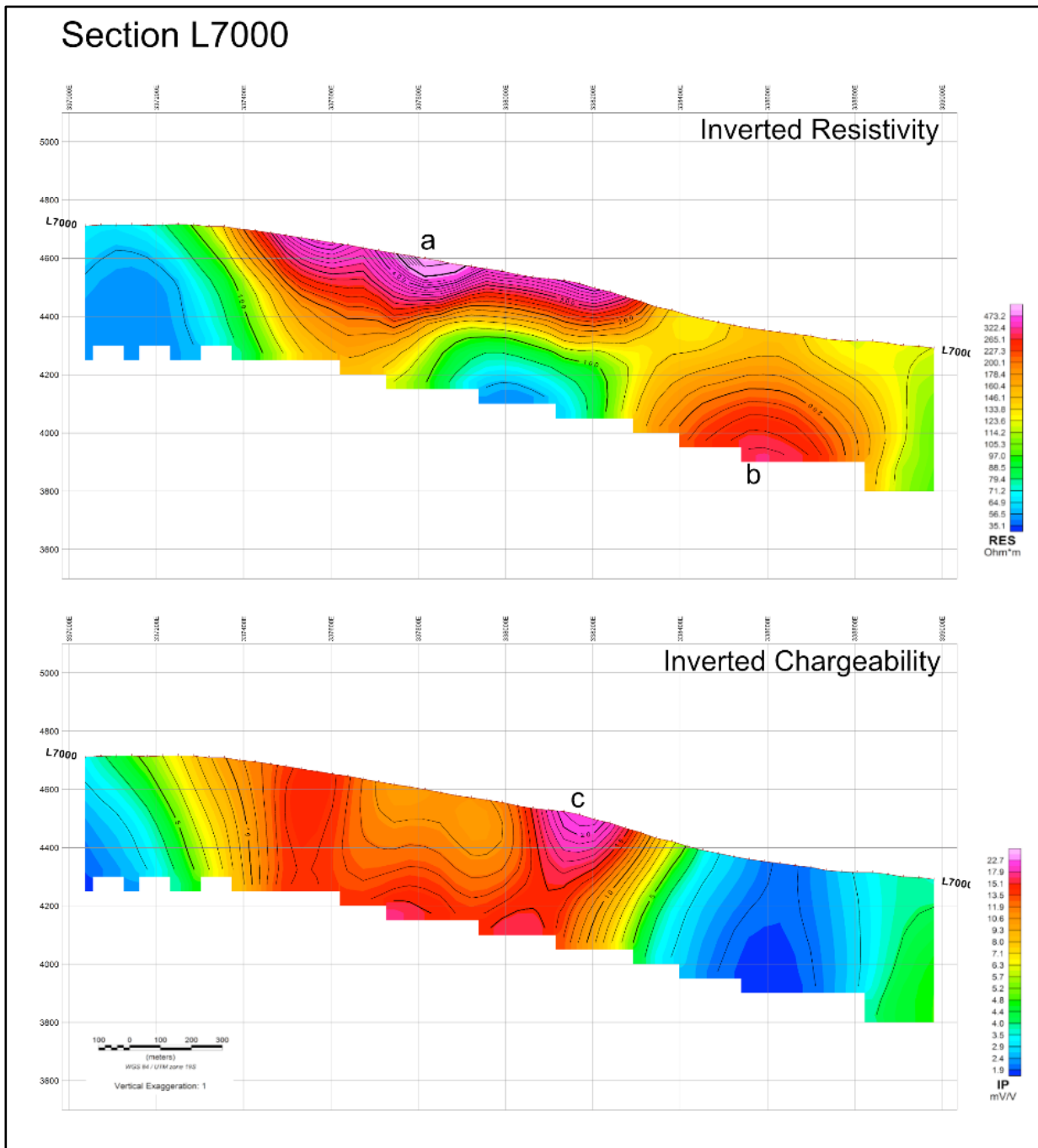
Figure 16: Chargeability plotted at 150m below surface



3D inversion model. A linear, north-oriented band of high chargeability is prominent. Exposures along the road where it intersects the anomaly contain 5-10% fine grained disseminated pyrite in clay-altered volcanic units. A progressively deeper position of the pyrite-bearing zones is interpreted to cause the southern decline in chargeability along this band.



Figure 17: Inverted resistivity and chargeability sections from L7000.



Globetrotters 2021

(a) South-central resistivity anomaly with a sub-horizontal form near surface and the vertical root on the south end; (b) Northeast resistivity anomaly with moderate resistivity near surface and higher resistivity beginning at 4200 m elevation; (c) Expression of the central, north-trending chargeability anomaly.

The volcanic succession underlying the Pucarini Project consists of andesite pyroclastic units interlayered with andesite lava, dacite pyroclastic units and dacite lava. The volcanic succession is sub-horizontal but

individual units vary significantly laterally and vertically because of eruption processes. Accordingly, magnetic response is complicated by the primary distribution of the volcanic units and the effect of magnetite-destructive hydrothermal alteration. The broad zone of argillic alteration correlates well with domains of relatively low magnetic intensity; the most intense alteration corresponds with the lowest magnetic intensity. The geometry of magnetic patterns inside the alteration zones is consistent with mapped alteration zones. A north-trending domain of low magnetic intensity near the centre of the survey grid correlates with a distinctive high-chargeability zone.

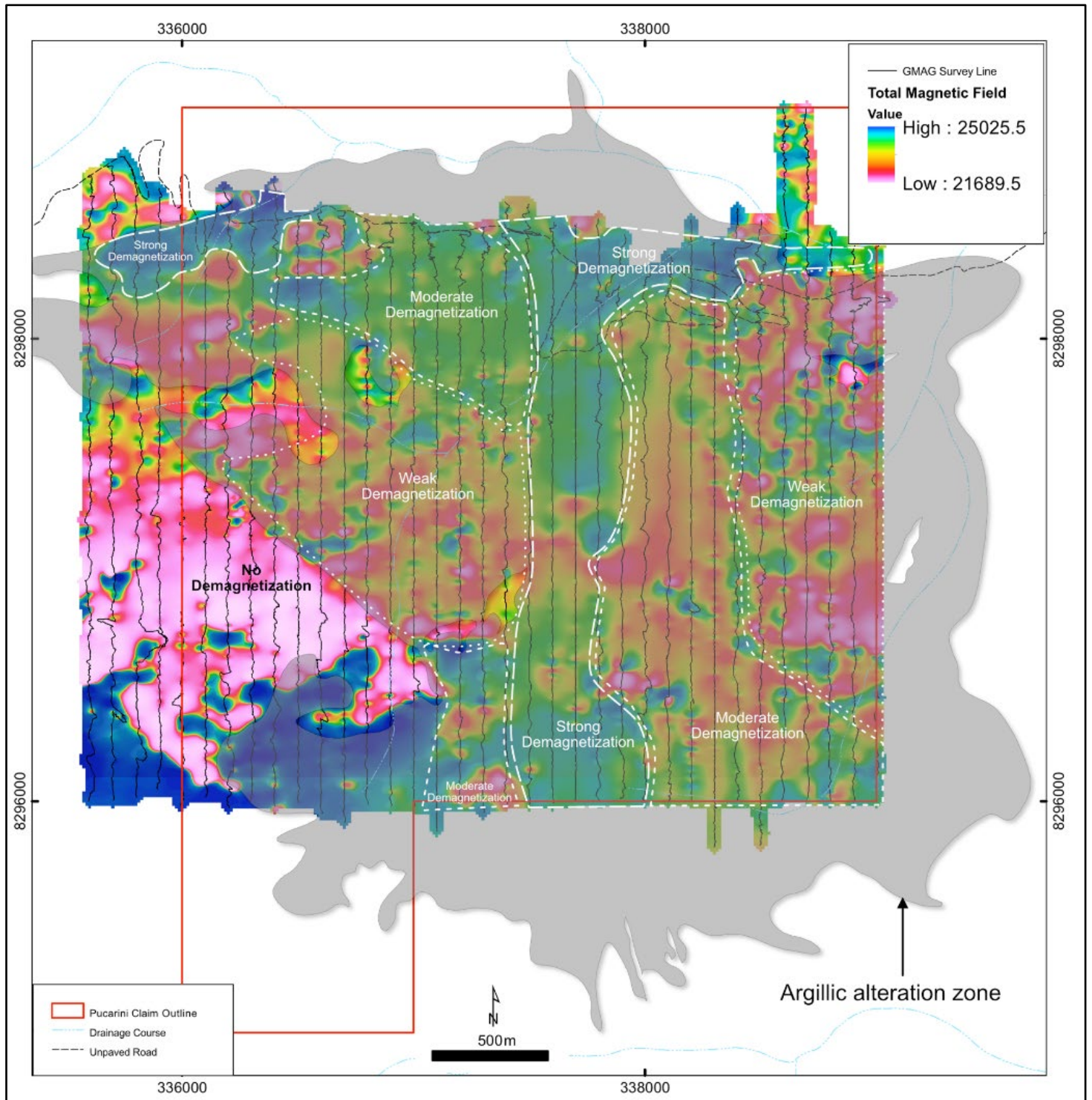
The combined magnetic, resistivity, and chargeability data roughly define zonation of the three alteration types identified by field mapping. Although gold mineralization is not expected to directly correlate to geophysical anomalies, the prominent and continuous, north-trending vertical chargeability feature clearly visible in Figure 16 may be interpreted to be the main conduit for ascending hydrothermal solutions responsible for alteration and gold mineralization. It may have remained active for the lifetime of the hydrothermal system, beginning with the early, pyrite-dominant phase of hydrothermal alteration and continued through to the later stages of silica-dominant alteration, veining, and hydrothermal brecciation. The most pronounced surface expressions of this conduit are limited to elevations below 4,400 m where more intense alteration is spatially associated with highly anomalous gold values from outcrops. Alteration and veining restricted to narrow, vertical tabular zones with weak gold anomalies are separated by weakly altered host rock above this elevation. Zones of high resistivity partially overlap and flank the chargeability anomaly. The resistivity anomalies on the east side of the chargeability anomaly are blind beneath colluvium and weakly altered host rock.

Domains of reduced magnetic susceptibility correspond well with the extensive zone of argillic alteration outlined by outcrop mapping. Abundant primary magnetite in andesite and dacite volcanic units gives a low magnetic intensity response, which equates to high magnetic susceptibility in this region where the earth's magnetic field is horizontal. The type of hydrothermal alteration observed on the Pucarini Project is magnetite-destructive and causes a reduction in magnetic susceptibility. Relatively weak alteration observed at surface in areas of low magnetic susceptibility suggest that hydrothermal alteration is more intense at depth.

Figure 18 illustrates the strong, moderate, and weak demagnetization domains overlain on argillic alteration interpreted from outcrop mapping, satellite imagery, spectral response, and spectral analysis of rock chips. Weak demagnetization is marked by decreased magnetic intensity and mottled texture. Moderate demagnetization is characterized by a decreased magnetic intensity and more uniform texture. Strong demagnetization has a low magnetic intensity and a quiescent texture. Increased separation between the magnetic sensor and demagnetized rock might explain the gradual increase in magnetic intensity southward along the north-trending strong demagnetization domain.

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Figure 18: Map of total magnetic field outlining zones of strong, moderate, and weak demagnetization



Modified after Globetrotters 2021

## ***Drilling***

The Company has not performed drilling on the Pucarini Project. To the best of the authors' understanding, the Pucarini Project has never been tested by drilling.

## ***Sample Preparation and Analysis***

### ***Rock Chip Sampling***

All outcrop sampling was conducted by the geological staff of Globetrotters Peru who collected 214 rock samples from outcrops distributed across the Pucarini Project, claim "GBT-92". Rock samples consisted of selective, channel, and panel samples. An industry-standard handheld GPS device was used to record sample locations by UTM coordinates in map datum WGS84, zone 19S. Lithology, alteration, mineralization, and other relevant information was recorded in a field notebook. Sample material was photographed and a witness (specimen) sample retained for reference from each sample. Field data recorded in the field was entered in an Excel spreadsheet which was imported into a relational database at the end of the field campaign.

The sample material was placed in marked, heavy-gauge plastic bags with a printed Company sample ticket fixed inside the bag. Individual samples were then placed into marked plastic-weave sacks and hand-delivered by Globetrotters staff to the ALS preparation laboratory in Arequipa.

At the ALS laboratory, samples are prepped for analysis by first being weighed individually, dried, then crushed with at least 70% of the sample passing through a 2 mm sieve. This material is split in two parts: one part is stored for future analyses and remainder is pulverized until 85% of sample is less than 75 µm in particle size.

Gold was analyzed by fire-assay of a 30 g sample pulp and finished with atomic absorption (AA) at a 0.005 ppm detection limit.

Multi-element analysis was completed on these samples using ALS's analytical package ME-ICP41 for thirty-five elements which uses aqua regia digestion and analysis by inductively coupled plasma-atomic emission spectrometry and mass spectrometry (ICP-MS). ME-ICP41 is considered a cost-effective approach to gathering geochemical information, but for the majority of natural rock matrices, assay data reported from an aqua regia chemical digestion should be considered as representing only the leachable portion of the rock sample.

Quality control of analysis of the rock chip samples was managed by ALS using their QA/QC protocols for geochemical assays.

### ***Soil Sampling***

A total of 552 soil samples were collected over the IP geophysical grid by Globetrotters staff from October 28 to November 14, 2020. Sample locations were spaced at 50 m intervals along NE-oriented IP survey lines. IP survey/soil sample lines were spaced 200 m apart. A handheld GPS device was used to locate samples sites.

Soil samples were collected from small, hand-dug holes ranging 5 to 30 cm in depth depending on the thickness of the organic soil horizon. Sampled material was collected from below the A soil horizon, if

present, sieved with a 20-mesh sieve and sealed in plastic sample bags with a printed sample ticket. Sample identification number, location in UTM coordinates in map datum WGS84, Zone19S, and notes on soil sample characteristics including colour, humidity and fragment composition were recorded in a field notebook for each sample and this information was entered into an Excel spreadsheet. Information from the Excel spreadsheet was imported into a relational database at the end of the exploration program. Each sample bag was marked with a sample ID at the sample site, then placed in plastic weave bags and enclosed with a nylon security zip-tie. Samples were delivered by Globetrotters staff to the ALS preparation laboratory located in Arequipa.

Soils samples sent to ALS were dried and sieved to 80 mesh (-180  $\mu\text{m}$ ). Trace level analysis was carried out using multi-element method Super Trace AuME-ST43, an aqua regia digestion of a 25 g sample followed by an ICP-MS finish. Minimum detection limit for gold with this method is 0.001 ppm Au. Quality control of analysis of the soil samples was managed by ALS using their QA/QC protocols for geochemical assays.

#### *Stream Sediment Sample*

A single stream sediment sample was collected from an active drainage in the vicinity of mineralized outcrop to determine if gold could be detected. Proper sampling equipment including a coarse sieve and sampling trowel were not available during sampling. The wet sample was transported to Arequipa to be dried and sieved with a 20-mesh sieve. The sample was submitted to the ALS laboratory for multi-element analysis by first screening to -180  $\mu\text{m}$ , and multi-element analysis using an aqua regia digestion and ICP-MS determination of element concentrations. Trace level analysis was carried out using multi-element method Super Trace AuME-ST43, an aqua regia digestion of a 25 g sample followed by an ICP-MS finish. Minimum detection limit for gold with this method is 0.001 ppm Au.

ALS employs a global quality management system that meets all requirements of International Standards ISO/IEC 17025:2017 and ISO 9001:2015. All ALS geochemical hub laboratories are accredited to ISO/IEC 17025:2017 for specific analytical procedures. The ALS quality program includes quality control steps through sample preparation and analysis, inter-laboratory test

#### *Spectral Analysis*

Globetrotters Peru staff collected 342 rock specimens for mineral identification by measuring and interpreting short wavelength infrared spectra. Rock specimens approximately 3 x 3 cm in size were chipped from outcrops and placed in small plastic ziplock bags with a sample identification number corresponding to a GPS location recorded in UTM coordinates in map datum WGS84, zone 19S. Notes describing lithology and alteration were recorded in a field notebook and entered into an Excel spreadsheet. Samples were submitted to ALS in Arequipa for spectra measurement and interpretation by ALS staff in Lima. ALS uses a TerraSpec instrument for measuring the short wavelength infrared spectra of submitted samples (ALS Code: HYP-PKG). Interpretation is done using aiSIRIS analysis software. Mineralogy and spectral features are provided via digital file

#### **Data Verification**

On November 22, 2020, one of the authors (Park) visited the Pucarini Project and examined several locations and collected six rock sample (Figure 19 and Figure 20). See Figure 9 for confirmation sample locations.

Mr. Park is of the opinion that the historical data descriptions of sampling methods and details of location, number, type, nature, and spacing or density of samples collected, and the size of the area covered are all adequate for the current stage of exploration for the Pucarini Project.

Six verification rock chip samples were collected on the Pucarini Project during the field visit. Five samples came from previously sampled outcrops that yielded anomalous gold values that were not intended to be close replicate samples. One sample is from an outcrop that had not previously been sampled. All samples were taken as panel rock chips either oriented horizontally or vertically as noted in the sample description in Table 2. Most samples were taken from outcrops containing multiple, narrow, sub-parallel silicified structures or broad silicified ribs forming linear outcrops. One brecciated quartz vein measuring 20 cm in width was sampled excluding wall rock.

Mr. Park's rock samples were sent to ALS Peru S.A. in Lima and underwent analysis for 35 element Aqua Regia ICP AES (ME-ICP41) and Au 30 g Fire Assay with an ICP-AA finish (Au-AA23). ALS Peru is ISO/IEC 17025:2005. Forte Copper Corp., Globetrotters, and the authors are independent of ALS Peru (see Table 3 for select assays).

Mr. Park collected approximately 2 kg of material for each sample. Samples bags were ticketed and closed in the field (Figure 22), then transported with Mr. Park to Juliaca on Sunday night, November 22, 2020. The following morning the samples were loaded into two sealed rice sacks and shipped by commercial transport to the ALS prep lab in Arequipa. These samples were in Mr. Park's possession at all times except for passing the night in the locked field vehicle parked in an enclosed and secured parking area controlled by the hotel where our crew spent the night.

Mr. Park observed evidence of the recent geophysical survey completed on the project. The Induced Polarization lines were oriented NE-SW with grid lines spaced 200 m apart and survey points at 50m spacing along lines (Figure 23). Each survey point was marked initially with a small rock monument and red flagging. Flagging was removed after the points were surveyed. Ground mag survey lines ran N-S and spaced 100 m apart without markers.

Mr. Park observed evidence of the soil sampling program where samples had been collected at each IP grid marker. Samples were collected from a small hole that passed through the organic A soil horizon, if present. Sample site holes were refilled after sampling (Figure 21).

The author Strickland has not undertaken a personal inspection of the Pucarini Project. Mr. Strickland did randomly check 50 of the assay results in the ArcView database provided against the assays certificates provided and did not detect any irregularities between the two.

**Figure 19: Outcrop sampling in the altered zone.**



Note that outcrops are rare. Geophysical grid marker on outcrop to the left of samplers

**Figure 20: Steve Park on the north ridge**



**Figure 22: Closed sample bag with sample ticket secured in place**



**Figure 21: Close-up of soil sample site, Line 7200**



**Figure 23: Rock marker with red flagging indicating a point on geophysical line.**



**Table 2: Author (Park) Sample Collection Notes**

Check Sample ID	WGS84		Panel Samples		Structure			Lith	Breccia	Alteration						Description
	East	North	Size (m)	Dir	Wd (m)	Strike	Dip			Silcf	Py	Lim	Gt	Hem	Aln	
30020	337529	8296227	1.0x2.0	vrt	0.5	350	75E	Andesite	N/A	3	0	2	1	0	0	Minor casts of cubic pyrite <1mm
30021	338323	8297582	1.0x1.0	hrz	N/A	N/A	NA	Andesite	N/A	2	1	3	3	0	0	Minor vuggy silica
30022	337475	8297138	0.2x1.5	hrz	0.2	270	90	Andesite	Hyrothermal	3	2	2	2	0	2	Crystalline alunite in vugs. Wall rock massive silcf, feldspar phns to clay
30023	337069	8298091	0.6x1.0	hrz	0.6	270	75N	Andesite	Hyrothermal	3	1	2	3	0	0	Fine drusy quartz, boxwork gt, vf py dssm in silcf mtx
30024	337119	8298039	0.5x1.0	vrt	0.5	350	90	Andesite	Hyrothermal	3	1	2	3	0	0	Vf white veinlets of supergene
30025	337366	8297762	2.0x2.0	vrt	2.0	70	90	Andesite	Hyrothermal	2	0	0	2	0	0	Auto-clasts in rock flour mtx, silcf

Silcf = silicification/silicification; dssm = disseminated  
 Py = pyrite; mtx = matrix  
 Lim = limonite; phns = phenocrysts  
 Gt = goethite; vf = very fine  
 Hem = hematite

3 = Strong  
 2 = Moderate  
 1 = Minor  
 0 = Not observed

**Table 3: Select Author (Park) Check Assays**

Check Sample ID	Original Sample ID	Company Assays			Author Assays		
		Au ppm	Ag ppm	As ppm	Au ppm	Ag ppm	As ppm
30020	3377	<0.005	<0.2	17	<0.005	<0.2	10
30021	3769	0.484	<0.2	19	0.500	0.4	14
30022	3762	6.890	2.6	204	2.300	0.4	48
30023	3601	0.872	0.5	129	0.544	0.3	115
30024	N/A				0.469	0.6	181
30025	3499	0.005	<0.2	23	0.012	<0.2	29

The results of this limited check sampling exercise serve to confirm the anomalous values of gold reported by the Company from Globetrotter Peru’s rock chip sampling program and suggest that there were no systematic biases in the sampling program. Both field and laboratory methods appear to have been adequate to obtain verifiable and generally reproducible results.

Given the results of the check-sampling and a review of all geochemical data presented, the authors believe that industry best-practice standards were used by Globetrotters Peru in conducting the surface geochemical sampling program on the Pucarini Project and are of the opinion that the data verification program completed on the data collected from the Pucarini Project appropriately support the database quality and the geologic interpretations derived therefrom

**Mineral Processing and Metallurgical Testing**

The Company has not undertaken metallurgical test work on material from the Pucarini Project.

**Mineral Resource Estimates**

There is no current mineral resource estimate on the Pucarini Project.



### ***Mineral Reserve Estimates***

The authors are not aware of any mineral reserve estimates made on the Pucarini Project.

### ***Adjacent Properties***

The Pucarini Project shares its southern boundary with mining concessions held by Fresnillo Peru SAC covering an area of 1,000 has. A concession block of 2,000 ha. held by Cordillera is contiguous with the Pucarini Project to the north. Cordillera holds another large block of 4,500 ha. immediately west and southwest of the Pucarini Project (Figure 24).

No known mineral occurrences are within 5 km of the Pucarini Project. Anecdotal evidence of a small mine working close to the southern boundary of the Pucarini Project has not been confirmed by the Company. The nearest mining operation is the El Cofre Mine (Ag-Pb-Zn) located 10 km southwest of the Pucarini Project.

### ***Other Relevant Data and Information***

The authors are not aware of any other relevant information at this time.

### ***Interpretation and Conclusions***

The Company carried out an exploration program on the Pucarini Project of consisting of geochemical and geophysical surveys and geologic mapping with the objective of defining exploration targets that warrant testing by drilling.

Alteration style and mineralogy exposed on the Pucarini Project is consistent with high-sulphidation gold systems described in Peru, throughout the Andes, and globally. This deposit model is the theory being tested in the work done to date and planned for in future programs. Alteration mapping completed over the property outlines a hydrothermal system with minimum surface expression of 3 x 4 km, which encompasses gold mineralization in several linear zones with strike lengths ranging from 500 to 2,500 m. Hydrothermal alteration crudely corresponds with magnetic, resistivity, and chargeability responses. Outcrop sampling demonstrates gold is a component of the hydrothermal system but correlating gold mineralization with geophysical response is not possible with the current level of geological information and understanding.

The prominent chargeability anomaly bisecting the IP grid coinciding with a domain of low magnetic intensity is interpreted as a vertical pyrite-bearing clay alteration zone formed early in the evolution of the hydrothermal system. This north-trending zone is considered the primary conduit for rising hydrothermal solutions. Zones of relatively high resistivity partially overlap and flank the chargeability anomaly. Silica introduced after clay-pyrite alteration is one possible explanation for the high-resistivity zones. The size of the high-resistivity anomalies suggests silica alteration is more extensive in the subsurface.

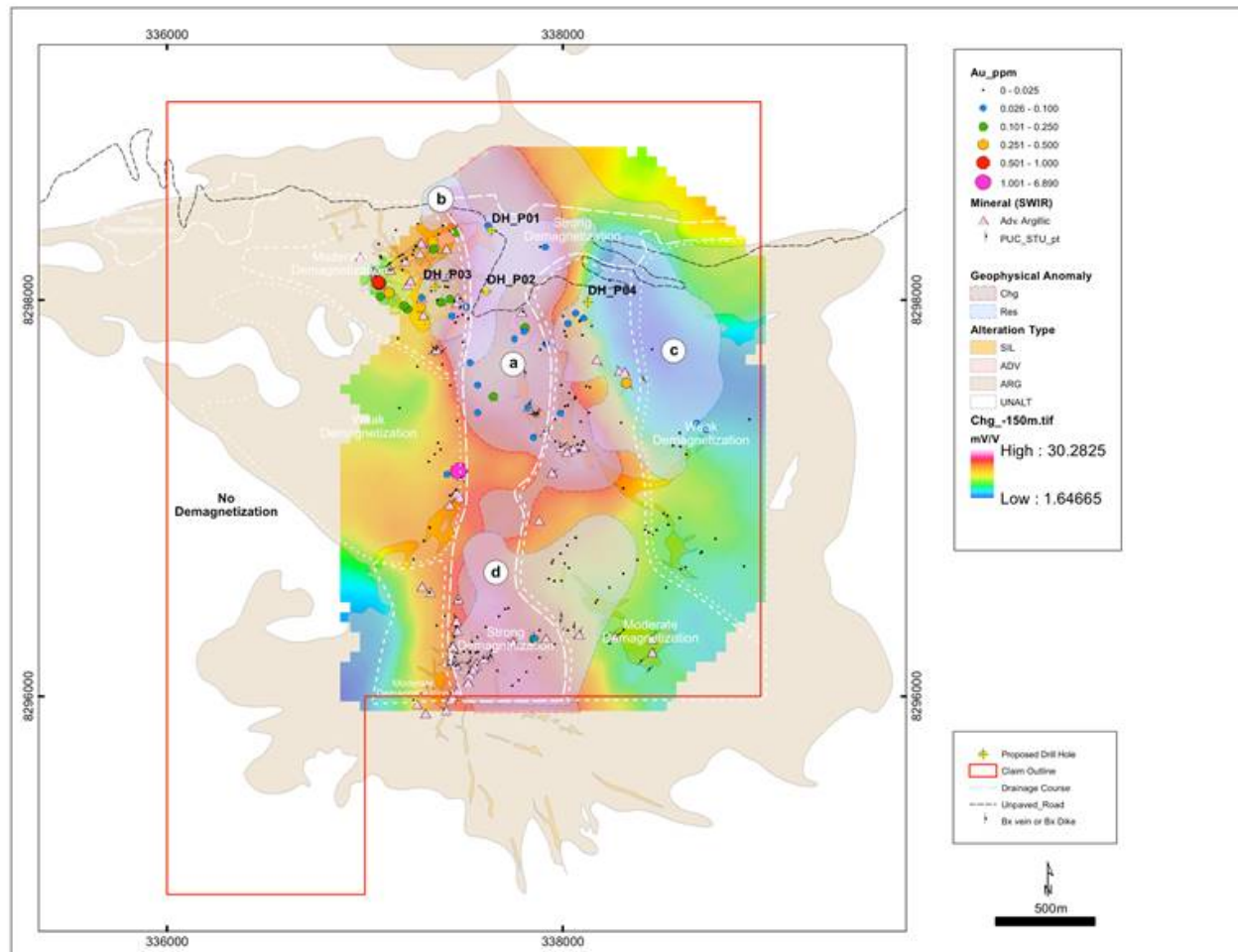
There is no evidence of extensive vuggy silica, water-table controlled lithocap, or granular silica as described at other deposits. The observed alteration mineral assemblages containing diaspore, alunite, and pyrophyllite are indicative of higher alteration fluid temperature and suggest the erosion level coincides with the base of the shallowest part of the epithermal thermal system. Available outcrop samples show gold is confined to 0.1 to 5.0 metre wide, sub-vertical breccia dikes and breccia veins with

orientations that mimic the property-scale structural trends. Geophysical evidence indicates these structures coalesce at depth into more continuous and wider mineralized zones. Permeable layers in the volcanic sequence could promote development of horizontal mineralization zones.

Summary of key target areas and proposed drill holes (Figure 24):

- A. A linear, north-trending chargeability anomaly which coincides with a domain of strong demagnetization.
- B. Resistivity high anomaly that overlaps and extends west from the chargeability anomaly. A cluster of anomalous gold in outcrop and multiple breccia veins containing advance argillic mineralogy occur immediately west of the resistivity anomaly.
- C. Resistivity high anomaly located immediately east of the chargeability anomaly.
- D. Coincident chargeability, resistivity and demagnetization associated with an array of breccia veins and breccia dikes containing advanced argillic mineralogy. Chargeability and resistivity anomalies are from modeled response at -150 metres below surface. Quartz veins, breccia veins, and breccia dikes strike northwest, north and northeast.

**Figure 24: Map showing a summary of key exploration targeting evidence and proposed drill hole locations**



## **Recommendations and Budgets**

In the authors' opinion, the Pucarini Project is a property of merit that justifies the continuation of exploration programs designed to test the deposit model outlined in the Pucarini Report.

The exploration targets established by geological mapping, geochemical sampling, and geophysical surveys require drilling as the next step in testing for gold mineralization. An initial phase of drilling is recommended to test four (4) targets with 1,000 metres of core drilling. Core drilling is recommended to obtain the geological information required to adequately determine controls on gold mineralization and increase confidence in subsequent exploration decisions.

Drill holes will be positioned to test these geophysical anomalies where coincident with elevated gold values. Locations of these drill holes may be modified following further interpretation of the exploration program's database by the Company's geologic staff.

The first hole, DH\_P01, is designed to test the north end of the north-trending chargeability anomaly where it coincides with a resistivity anomaly and a domain of strong demagnetization. This hole will be collared near outcrops of hydrothermal breccia containing ~5% fine-grained disseminated pyrite.

Drill hole DH\_P02 is positioned to test a northwest-trending zone defined by abundant quartz veining, hydrothermal breccia veins and breccia dikes associated with an advanced argillic mineral assemblage. This hole will be located where the vein zone intersects the north-trending chargeability anomaly and coincident resistivity anomaly.

Drill hole DH\_P03 is designed to test beneath the cluster of rock chip samples that returned anomalous gold values that coincide with advanced argillic alteration and a resistivity anomaly on the west flank of the north-trending chargeability anomaly.

Drill hole DH\_P04 is positioned to test the large resistivity anomaly on the east flank of the north-trending chargeability anomaly where it intersects the northern margin of the northwest-trending zone of veining.

Table 4 outlines the estimated cost in Canadian dollars to drill test the highest priority targets established from geological, geochemical and geophysical evidence.

**Table 4: Proposed Budget for DDH Drill Program**

<b>Item</b>	<b>Quantity</b>	<b>Units</b>	<b>Unit Cost (CAD\$)</b>	<b>Total (CAD\$)</b>
Community Relations	1	year	60,799	60,799
Drill permitting	1	contract	94,760	94,760
Field Support	1	month	22,110	22,110
Site Preparation/Rehabilitation	6	days	2,596	15,576
Drilling	1000	metres	368	368,000
Analysis	735	samples	60	44,100
Accommodation/Travel	1	month	19,760	19,760
Salary	1	month	32,011	32,011
Sub-total				657,116
Contingency	5	percent		32,856

Item	Quantity	Units	Unit Cost (CAD\$)	Total (CAD\$)
<b>Total</b>				<b>689,972</b>

## Other Mineral Properties

### *Esperanza Project*

The Esperanza Project is an early-stage copper project situated in southern Peru about 180 km northwest of Arequipa and 5 km north from the town of Ispacas. The project consists of 2518.17 ha of mineral concessions located within Comunidad Campesina de Ispacas, Yanaquihua District of Condesuyos Province in the Arequipa Region. The Esperanza Project is 100% owned by Amaru. with a 1% net smelter return royalty held by Globetrotters Peru. Amaru acquired the concessions through a competitive bid in 2013, 2014 and 2017.

### *Don Gregorio Project*

The Company has an option to acquire a 60% interest on the Don Gregorio Project from Candente. The Don Gregorio Project is a 900 hectares gold and copper prospect in northern Peru.

## USE OF PROCEEDS

### Proceeds and Funds Available

The Company expects to receive \$2,500,000 in gross proceeds from the Offering (assuming no exercise of the Over-Allotment Option). The funds expected to be available to the Company upon completion of the Offering and the expected principal purposes for which such funds will be used are described below.

### *Funds Available*

Gross proceeds of the Offering	\$2,500,000
Less: Agent's Commissions, remaining cash portion of the Corporate Finance Fee and balance of estimated expenses of the Offering <sup>(1)</sup>	\$307,650
	<hr/>
Net Proceeds of the Offering <sup>(1)</sup>	\$2,192,350
Working Capital <sup>(2)(3)</sup>	\$162,000
	<hr/>
<b>Net Funds Available<sup>(3)</sup></b>	<b>\$2,354,350</b>

(1) After deduction of the Agent's Commission, assuming there are no sales to the President's List, and Corporate Finance Fee, and balance of the expenses of the Offering which are legal fees, audit fees and filing fees with the Exchange and Securities Commissions as well as the expenses of the Agent, less a \$10,000 retainer paid by the Company to the Agent and \$10,000 deposit on the Corporate Finance Fee paid by the Company to the Agent.

- (2) At September 30, 2021, the Company had an approximate working capital of \$162,000 raised through prior issuances of securities. See "Prior Sales".
- (3) Any funds received as a result of the exercise of the Warrants, Agent's Warrants, Agent's Unit Warrants or stock options granted to the Company's directors, officers, employees and consultants will be added to the Company's general working capital.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of \$348,750, after deducting the Agent's Commission, assuming there are no sales to the President's List, but before deducting the other expenses of the Offering.

In the interim period since June 30, 2021, the Company has maintained its regular consulting contracts (\$43,500) and paid a \$40,000 retainer to the Agent with respect to the Offering and consumed prepaids of \$20,000 with respect to Offering related costs. The Company has incurred professional fees as to \$15,000 for assurance services by the auditor and \$27,000 for legal services related to this Prospectus. Additional Offering-related costs of \$20,000 in filing fees were also incurred. The remaining costs of \$14,500 were general overhead costs.

### Principal Purposes

The following table indicates the principal uses to which the Company proposes to use the net funds available:

<b>Description</b>	<b>Amount</b>
Phase 1 exploration program on the Pucarini Project <sup>(1)(2)</sup>	\$689,972
Exploration activities on the Company's other mineral properties <sup>(3)</sup>	\$195,000
General and Administrative Expenses <sup>(4)</sup>	\$592,500
Unallocated Working Capital <sup>(5)</sup>	<u>\$876,878</u>
<b>Net Funds Available</b>	<b><u>\$2,354,350</u></b>

- (1) See "Mineral Properties – Pucarini Project" above for a description of the Pucarini Project and the phase 1 work program recommended in the Pucarini Report by the authors of the Pucarini Report.
- (2) The Company anticipates engaging Globetrotters Peru to provide field support and related work on the Pucarini Project such that a portion of the Offering proceeds will be received indirectly by Globetrotters.
- (3) Expected to comprise costs of community agreements and environmental permitting plus surface exploration activities on the Esperanza Project and the Don Gregorio Project, as set forth in a work plan developed by the Company's qualified person, Paul Johnston, P. Geo, which is intended to maintain the properties in good standing, consisting of as to the Don Gregorio Project, \$50,000 for permitting and land maintenance, \$30,000 for community and social relations and \$40,000 in surface exploration activities, and as to the Esperanza Project, \$40,000 for permitting and land maintenance, \$10,000 for community and social relations and \$25,000 for surface exploration activities.
- (4) General and administrative costs for the next 12 months are expected to comprise: legal fees of \$45,000, audit and accounting fees of \$50,000, stock exchange fees, filing fees and transfer agent costs of \$19,500, office rents and supplies of \$30,000, marketing and shareholder communication costs of \$65,000, executive management fees and consulting costs of \$383,000 (See "Executive Compensation" below).
- (5) Unallocated funds will be added to the working capital of the Company and invested in short-term interest-bearing obligations and reserved for a phase 2 work program on the Pucarini Project, if recommended by the Company's

qualified person and conditional upon favorable results generated from the phase 1 work program, which Phase 2 program would be expected to consist of further target development and follow-on drilling on one or more of the test targets drilled in Phase 1 in order to establish a mineralized volume.

Upon completion of the Offering, the Company will have sufficient funds for the next 12-month period to fund operations and to carry out the recommended exploration programs on the Pucarini Project as set out above and in the Pucarini Report.

In response to the COVID-19 pandemic, exploration at the Pucarini Project may be impacted by provincial and federal government restrictions on the Company's operations. Potential stoppages on exploration activities could result in additional costs, project delays, cost overruns, and operational restart costs. The total amount of funds that the Company needs to carry out the recommended work program on the Pucarini Project may increase from these and other consequences of the COVID-19 pandemic.

The Company's unallocated working capital will be available for further exploration work on the Pucarini Project, if such work is warranted based on results from the exploration programs currently planned. Any Phase 2 program would be expected to consist of further target development and follow-on drilling on one or more of the test targets drilled in the phase 1 program recommended in the Pucarini Report in order to establish a mineralized volume.

If not required for further work on the Pucarini Project, those funds will be available for acquisition, exploration or development of other mineral properties.

Should the Over-Allotment Option be exercised in whole or in part, the net proceeds from such exercise, if any, are expected to be used for exploration expenses on the Pucarini Project, if recommended by the Company's qualified person and for general corporate and working capital expenses.

**The Company intends to spend the net funds available to it as stated in this Prospectus. However, there may be situations where, due to change of circumstance, outlook, exploration results, property status and or business judgment, a reallocation of funds is necessary in order for the Company to achieve its overall business objectives.** The Company will only redirect funds to other properties that may be acquired at a later date on the basis of a recommendation from a professional geologist or engineer. If such a change occurs during the distribution of the securities offered under this Prospectus, the Company may have broad discretion in the application of such net proceeds and, if required, an amendment to this Prospectus will be filed. Pending utilization of the net proceeds derived from the Offering, the Company intends to invest the funds in short-term, interest bearing obligations at the determination of the Company's Chief Financial Officer. Unallocated funds will be added to the working capital of the Company.

### **Negative Operating Cash Flow**

Since inception and resulting from the nature of its business as a mineral exploration company, the Company has had negative operating cash flow and incurred losses. The Company's negative operating cash flow and losses are expected to continue for the foreseeable future. The Company cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, the Company anticipates that the net proceeds from the Offering will be used to fund future negative operating cash flow.

## Stated Business Objectives and Milestones

The business objectives of the Company, using the available funds, are as follows: (a) obtain a listing of the Shares on the Exchange, (b) to explore and develop the Pucarini Project and (c) to explore and develop its remaining mineral properties. The listing of the Company on the Exchange is anticipated to occur shortly after completion of the Offering, subject to the Company fulfilling all of the requirements of the Exchange.

Key milestones to achieve the Company's strategy are set forth pursuant to the work program recommendations set forth in the Pucarini Report, which program is expected to be completed in the late fall and early winter of 2021 at a cost of \$689,972. The costs of such work program will be paid for entirely from the net proceeds of this Offering and from existing working capital. If the results of such exploration programs warrant further exploration, the Company will pursue in 2022 additional phase 2 work programs recommended by its qualified person on the Pucarini Project. The Company may also seek further opportunities to expand its resource base through the exploration for, and acquisition of, projects of merit.

There is significant uncertainty regarding government regulations for and access to work sites in Peru resulting from the COVID-19 pandemic. Government regulations could result in changes to the Company's exploration plans, which could result in the Company being forced to cancel its intended programs until 2022. See "Risk Factors".

## DIVIDENDS

The Company has neither declared nor paid any dividends on any of its share capital. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its shares in the foreseeable future. The payment of dividends on the Shares in the future is unlikely and will depend on the earnings and financial conditions of the Company and such other factors as the Board may consider appropriate. There are no restrictions on the Company paying dividends or distributions, except those set out in the BCBCA.

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

### Selected Financial Information

The following table sets forth financial information for the Company, which has been derived from the Company's audited consolidated financial statements for the financial years ended December 31, 2019 and December 31, 2020 and its unaudited interim financial statements for the three and six months ended June 30, 2021. This summary should be read in conjunction with the Company's financial statements, including the notes thereto, included elsewhere in this Prospectus.

<b>Selected Financial Information</b>	<b>For the year ended December 31, 2019 (audited)</b>	<b>For the year ended December 31, 2020 (audited)</b>	<b>For the six months ended June 30, 2021 (unaudited)</b>
<b>Operations Data</b>			
Total Revenues	Nil	Nil	Nil

<b>Selected Financial Information</b>	<b>For the year ended December 31, 2019 (audited)</b>	<b>For the year ended December 31, 2020 (audited)</b>	<b>For the six months ended June 30, 2021 (unaudited)</b>
Total Expenses	\$116,759	\$877,213	\$312,359
Comprehensive Loss	(\$90,038)	(\$865,105)	(\$316,383)
Loss per Share – Basic and Fully Diluted	(\$0.01)	(\$0.05)	(\$0.01)

<b>Balance Sheet Data</b>	<b>As at December 31, 2019 (audited)</b>	<b>As at December 31, 2020 (audited)</b>	<b>As at June 30, 2021 (unaudited)</b>
Current Assets	\$202,211	\$806,112	\$434,573
Non-Current Assets	\$126,510	\$1,068,798	\$1,068,798
<b>Total Assets</b>	<b>\$328,721</b>	<b>\$1,874,910</b>	<b>\$1,503,371</b>
Current Liabilities	(\$57,158)	(\$147,456)	(\$92,300)
Working Capital	\$145,053	\$658,656	\$342,273
Other Liabilities	Nil	Nil	Nil
<b>Total Liabilities</b>	<b>(\$57,158)</b>	<b>(\$147,456)</b>	<b>(\$92,300)</b>
Share Capital	\$2,243,760	\$4,241,350	\$4,241,350
Deficit	(\$1,971,587)	(\$2,822,860)	(\$3,134,029)
<b>Total Equity</b>	<b>\$271,563</b>	<b>\$1,727,454</b>	<b>\$1,411,071</b>
<b>Number of Shares Issued and Outstanding</b>	<b>9,851,401</b>	<b>27,128,587</b>	<b>27,128,587</b>

### **Management’s Discussion and Analysis**

Management’s discussion and analysis, prepared by management (the “**MD&A**”), reviewing the Company’s financial condition and results of operations for the financial years ended December 31, 2020 and December 31, 2019 and for the three and six-month period ended June 30, 2021 is attached to this Prospectus as Schedule “C”. This discussion provides management’s analysis of the Company’s historical financial and operating results and provides estimates of the Company’s future financial and operating performance based on information that is currently available. This discussion contains forward-looking statements that involve certain risks and uncertainties. See also “*Forward-Looking Statements*” and “*Risk Factors*”.



## Financial Statements and MD&A of Cordillera

Audited financial statements of Cordillera for the six months ended June 30, 2020 and the unaudited financial statements for the year ended December 31, 2019 for Cordillera are attached as Schedule “D” to this Prospectus. MD&A of Cordillera for the six months ended June 30, 2020 and the year ended December 31, 2019 are attached as Schedule “E”

### DESCRIPTION OF SECURITIES DISTRIBUTED

#### Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of Shares without par value. As at the date of this prospectus there are 27,128,587 Shares issued and outstanding as fully paid and non-assessable shares.

#### Units

Each Unit will comprise one Share and one Warrant. Each Warrant will entitle the holder to purchase, subject to adjustment in certain circumstances, one Warrant Share at a price of \$0.50 per Warrant Share for a period of 36 months following the Closing Date. The Units will separate into Shares and Warrants immediately upon issue.

#### Common Shares

There are no special rights or restrictions of any nature attached to the Shares. The holders of Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company and each Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Shares are entitled to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Shares, to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. The Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights. Any alteration of the rights, privileges, restrictions and conditions attaching to the Shares under the Company’s Articles must be approved by a majority of the Shares voted at a meeting of the Company’s shareholders.

In addition to the Shares issued and outstanding following completion of the Offering, a further up to 18,888,592 Shares may be issued as follows:

Type of Security	Number
Corporate Finance Unit Shares	50,000
Warrant Shares <sup>(1)</sup>	8,333,333 <sup>(2)</sup>
Corporate Finance Unit Warrant Shares <sup>(3)</sup>	50,000
Agent’s Unit Shares <sup>(4)</sup>	583,333 <sup>(5)</sup>
Agent’s Unit Warrant Shares <sup>(6)</sup>	583,333 <sup>(5)</sup>

<b>Type of Security</b>	<b>Number</b>
Shares issuable upon the exercise of previously issued warrants	6,138,593
Shares issuable upon the exercise of stock options granted to directors, officers, employees and consultants	3,150,000
<b>Total</b>	<b>18,888,592</b>

- 
- (1) To be issued upon exercise of the Warrants.
  - (2) In the event the Over-Allotment Option is exercised in full, a further 1,250,000 Warrants will be issued
  - (3) To be issued upon exercise of the Warrants forming part of the Corporate Finance Units.
  - (4) To be issued upon exercise of the Agent's Warrants and assuming no Units are sold to purchasers on the President's List.
  - (5) In the event the Over-Allotment Option is exercised in full, and assuming no Units sold upon exercise of the Over-Allotment Option are sold to purchasers on the President's List, a further 87,500 Agent's Unit Shares and a further 87,500 Agent's Unit Warrants may be issued upon the exercise of the Agent's Warrants.
  - (6) To be issued upon exercise of the Agent's Unit Warrants.

See "*Plan of Distribution*" for further details of the Offering

### **Securities to be Distributed**

An aggregate of 8,333,333 Units are hereby offered at a price of \$0.30 per Unit. The securities to be distributed pursuant to the Offering hereunder are qualified by this Prospectus and are more particularly described under the heading "*Plan of Distribution*".

### **Warrants**

The Company has previously issued share purchase warrants to acquire up to 6,138,593 Shares at an exercise price of \$0.20 per Share, of which 5,638,593 warrants expire on July 17, 2023 and the remaining 500,000 warrants expire on August 10, 2023. These share purchase warrants were issued to subscribers to a prior equity offering conducted by the Company.

Each whole Warrant issued pursuant to the Offering will entitle the holder thereof to purchase one Warrant Share, subject to adjustment in certain circumstances, at a price of \$0.50 per Warrant Share, at any time at or prior to the close of business on the date that is 36 months from the Closing Date, at which time the Warrants will become null and void. The exercise price for the Warrants will be payable in Canadian dollars.

The Warrants forming part of the Units will be issued pursuant to, and will be governed by, a Warrant Indenture to be entered into between the Company and the Warrant Agent as of the Closing Date. The Company will appoint the principal transfer offices of the Warrant Agent in Vancouver, British Columbia as the location at which the Warrants may be surrendered for exercise, transfer or exchange. The Warrant Indenture will, among other things, include provisions for the appropriate adjustment in the class, number and price of the Warrant Shares to be issued upon exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Shares, the payment of stock dividends and the amalgamation of the Company.

No adjustment in the exercise price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1%.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, the Company will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Any subscription for fractional Warrant Shares will be deemed to be a subscription for the next smallest whole number of Warrant Shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Shares would have.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either:

- passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than  $66 \frac{2}{3}\%$  of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or
- adopted by an instrument in writing signed by the holders of Warrants representing not less than  $66 \frac{2}{3}\%$  of the aggregate number of all the then outstanding Warrants.

The foregoing is a summary only of the terms of the Warrants and is qualified by the more detailed provisions of the Warrant Indenture to be filed on SEDAR and a copy of which will be available at the registered office of the Company.

The Warrants will not be exercisable in the United States or by or on behalf of a "U.S. Person", nor will certificates representing the Warrant Shares, as applicable, issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available.

### **Agent's Warrants**

The Company is authorized to issue to the Agent's Warrants entitling the Agent to acquire that number of Agent's Units as is equal to 7.0% of the number of Units sold pursuant to the Offering, including pursuant to the Over-Allotment Option. Each whole Agent's Warrant entitles the holder thereof to subscribe for one Agent's Unit at a price of \$0.30 until the date which is 12 months from the Closing Date. Each Agent's Unit will comprise one Agent's Unit Share and one Agent's Unit Warrant, with each Agent's

Unit Warrant exercisable into one Agent's Unit Warrant Share at a price of \$0.50 until the date which is 36 months from the Closing Date.

The holding of an Agent's Warrant will not constitute the holder thereof a shareholder of the Company, nor will it entitle the holder to any rights or interests as a shareholder or to receive notice of any meetings of shareholders except upon the exercise of an Agent's Warrant in accordance with its terms. The Agent's Warrants will contain provisions to the effect that, in the event of any change in the number of Agent's Units or any reclassification of the Shares or underlying warrant shares into other share, or if the Company shall pay a stock dividend upon its outstanding Shares, or in the case of a consolidation, amalgamation or merger of the Company with or into another company, or any other capital reorganization of the Company not covered by the foregoing or any sale of the properties and assets of the Company as (or substantially as) an entirety to any other company, adjustments will be made in the number of Shares to which the holder will be entitled to receive on any exercise of the Warrants and the exercise price thereof. See "*Plan of Distribution*" for additional information on the Agent's Warrants.

### **Corporate Finance Units**

The Agent will also be paid a Corporate Finance Fee of \$40,000 plus GST, of which \$25,000 is payable in cash and \$15,000 is payable through the issuance of 50,000 Corporate Finance Units, each such Corporate Finance Unit bearing the same terms as the Units.

### **Options**

The Company has granted 3,150,000 stock options to acquire Shares to directors, officers, employees and consultants of the Company. The stock options were granted prior to the adoption of the Company's Stock Option Plan and currently exceeds the amount issuable under the Stock Option Plan, but upon completion of the Offering will be within the permitted limit. In the event that the Offering is not completed, the outstanding options will be cancelled. The options and the Stock Option Plan are described below at "*Options to Purchase Securities*".

## **CONSOLIDATED CAPITALIZATION**

Other than as disclosed below, there have been no material changes in the Company's share and loan capital since June 30, 2021, the date of its most recently completed financial period.

The Company anticipates issuing 8,333,333 pursuant to the Offering. On completion of the Offering, , the Company will have 35,511,920 Common Shares issued and outstanding. There will be no material change to the Company's loan capital that will result from the completion of the Offering

The following table sets forth information respecting the capitalization of the Company as at June 30, 2021 and as at the date hereof, both before and after giving effect to the Offering. Investors should read the following information in conjunction with the Company's audited and unaudited consolidated financial statements and related notes thereto, along with the associated MD&A, included in this Prospectus.

Designation of Security	Amount authorized	Amount outstanding as of June 30, 2021 <sup>(1)</sup>	Amount outstanding as of the date of this Prospectus	Amount outstanding assuming completion of the Offering <sup>(9)</sup>
Common Shares	Unlimited	27,128,587	27,128,587	35,511,920
Agent's Corporate Finance Unit Warrants <sup>(8)</sup>	Unlimited	Nil	Nil	50,000
Options <sup>(2)</sup>	10% of the issued and outstanding	3,150,000	3,150,000	3,150,000
Warrants	Unlimited	6,138,593 <sup>(3)</sup>	6,138,593 <sup>(3)</sup>	14,471,926 <sup>(3)(4)</sup>
Agent's Warrants <sup>(5)</sup>	Unlimited	Nil	Nil	583,333 <sup>(6)</sup>
Agent's Unit Warrants <sup>(5)</sup>	Unlimited	Nil	Nil	583,333 <sup>(6)</sup>

- (1) As at March 31, 2021, the Company has no long-term debt.
- (2) A total of 3,150,000 Shares may be issued pursuant to the exercise of incentive stock options granted to directors, officers and consultants of the Company exercisable at an exercise price of \$0.12 per Share until July 31, 2025.
- (3) A total of 5,638,593 Shares are issuable upon the exercise of warrants exercisable at a price of \$0.20 per Share until July 17, 2023 which were issued in a previously completed private placement. A further 500,000 Shares are issuable upon the exercise of warrants exercisable at a price of \$0.20 per Share until August 10, 2023, which were issued in a previously completed private placement.
- (4) Includes 8,333,333 Warrants issuable as part of the Units in the Offering. In the event that the Over-Allotment Option is exercised in full, a further 1,250,00 Warrants will be issued. The Warrants are exercisable at a price of \$0.50 per Share for a period of 36 months following the Closing Date. See *"Description of Securities Distributed"* above.
- (5) In addition, pursuant to the Agency Agreement, the Company has agreed to grant to the Agent, the Agent's Warrants on completion of the Offering. Each Agent's Warrant entitles the holder thereof to subscribe for one Agent's Unit at a price of \$0.30 until the date which is 12 months from the Closing Date. Each Agent's Unit will comprise one Agent's Unit Share and one Agent's Unit Warrant, with each Agent's Unit Warrant exercisable into one Agent's Unit Warrant Shares at a price of \$0.50 until the date which is 36 months from the Closing Date. See *"Plan of Distribution"* and *"Description of Securities Distributed"*.
- (6) Assumes that no Units are sold to purchasers on the President's List. Pursuant to the Agency Agreement, the Agent is entitled to receive such number of Agent's Warrants as equals 7% of the Units sold pursuant to the Offering, other than in respect of Units sold to purchasers on the President's List for which the Agent will receive such number of Agent's Warrants as equals 3% of the Units sold to such purchasers. In the event that the Over-Allotment Option is exercised in full, and no Units sold in the Over-Allotment Option are sold to purchasers on the President's List, a further 87,500 Agent's Warrants will be issued.
- (7) See *"Use of Proceeds"* for the proceeds after giving effect to the Offering and deducting the expenses of the issue.
- (8) Corporate Finance Warrants that form part of the Corporate Finance Units. See *"Plan of Distribution"* and *"Description of Securities Distributed"*.
- (9) Includes the Corporate Finance Unit Shares that will be issued on Closing. See *"Plan of Distribution"* and *"Description of Securities Distributed"*.

As at the date of this Prospectus, the Company has no outstanding loans or other debt obligations

## OPTIONS TO PURCHASE SECURITIES

As of the date of this Prospectus, the Board has granted options to purchase up to 3,150,000 Shares at an exercise price of \$0.12 per Share until July 31, 2025. The stock options were granted prior to the adoption of the Company's Stock Option Plan and currently exceeds the amount issuable under the Stock Option Plan, but upon completion of the Offering will be within the permitted limit. In the event that the Offering is not completed, the outstanding options will be cancelled. The options and the Stock Option Plan are described below at "*Options to Purchase Securities*".

The following table sets out details of the Company's stock options to be outstanding as of the Listing Date by the designated groups:

<b>Group (current and former positions)</b>	<b>No. of Shares Under Option</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Directors (including directors who are also officers) (4)	1,450,000	\$0.12	July 31, 2025
Officers (who are not also directors) (2)	300,000	\$0.12	July 31, 2025
Employees (Nil)	N/A	N/A	N/A
Consultants (11)	1,400,000	\$0.12	July 31, 2025
<b>Total Options</b>	<b>3,150,000</b>		

All of the options have been granted pursuant to or are otherwise now subject to the terms of the Stock Option Plan, approved by the Company's directors. As noted above, the stock options were granted prior to the adoption of the Company's Stock Option Plan and currently exceeds the amount issuable under the Stock Option Plan, but upon completion of the Offering will be within the permitted limit. In the event that the Offering is not completed, the outstanding options will be cancelled. In addition, the stock options are currently restricted from exercise until the until the Offering closes. The purpose of the Stock Option Plan is to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants of the Company and of its affiliates and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under the Stock Option Plan to purchase Shares. If, as and when the Shares of the Company are listed on the Exchange, the Stock Option Plan will be subject to the review and approval of the Exchange.

The Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of Shares of the Company issued and outstanding, from time to time.

The Stock Option Plan will be administered by the Board, which will have full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan as the Board may from time to time designate. The exercise prices shall be determined by the Board but shall, in no event, be less than the greater of the

closing market price of the Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options, in accordance with the policies of the Exchange. The Stock Option Plan provides that the number of all Shares reserved for issuance will not exceed 10% of the issued and outstanding Shares, from time to time. The maximum number of Shares underlying options granted to any individual director or officer, within a one-year period, may not exceed 5% of the Shares issued and outstanding as at the date of grant of the stock option, unless disinterested shareholder approval is obtained.

Options may be exercised up to 90 days following cessation of the optionee's position with the Company, unless the optionee has been terminated for cause in which case Options will be terminated immediately. Additionally, if the cessation of office, directorship, or consulting arrangement was by reason of death or disability, the option may be exercised within a maximum period of one year after such death or disability, subject to the expiry date of such option. Options will expire not later than the date which is ten years from the date of grant. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. The Board of the Company may, in its absolute discretion impose such limitations or conditions on the exercise or vesting of any options granted under the Stock Option Plan as it deems appropriate. On the occurrence of a takeover bid, issuer bid or going private transaction, the Board will have the right to accelerate the date on which any option becomes exercisable.

In the event of a "change in control event", the Stock Option Plan gives the Board the power to make such arrangements as it shall deem appropriate for the exercise of outstanding options or continuance of outstanding options, including to amend or modify the Stock Option Plan to permit the exercise of any or all of the remaining options prior to the completion of any such transaction.

For the purposes of the Stock Option Plan, a "change of control event" constitutes any of the following:

- (a) a person makes an offer to acquire Shares that, regardless of whether the acquisition is completed, would make the person the beneficial owner of twenty percent (20%) or more of the outstanding Shares of the Company (an "Acquiring Person");
- (b) an Acquiring Person makes an offer, regardless of whether the acquisition is completed, to acquire Shares;
- (c) the Company proposes to sell all or substantially all of its assets and undertaking;
- (d) the Company proposes to merge, amalgamate or be absorbed by or into any other corporation (save and except for a subsidiary) under any circumstances which involve or may involve or require the liquidation of the Company, a distribution of its assets among its shareholders, or the termination of the corporate existence of the Company;
- (e) the Company proposes an arrangement as a result of which a majority of the outstanding Shares of the Company would be acquired by a third party; or
- (f) any other form of transaction is proposed which the majority of the Board determines is reasonably likely to have similar effect any of the foregoing.

The Company has previously issued share purchase warrants to acquire up to 6,138,593 Shares at an exercise price of \$0.20 per Share, of which 5,638,593 warrants expire on July 17, 2023 and the remaining

500,000 warrants expire on August 10, 2023. These share purchase warrants were issued to subscribers to a prior equity offering conducted by the Company.

## PRIOR SALES

### Prior Sales

The following table summarizes the issuances of Shares and securities that are convertible or exchangeable into Shares in the 12 months prior to the date of this Prospectus:

Date	Number and class of securities <sup>(2)(3)</sup>	Issue price per Common Share	Aggregate Proceeds	Consideration Received
July 17, 2020	11,277,186 units <sup>(1)</sup>	\$0.12	\$1,353,262.32	Cash
July 27, 2020	5,000,000 Shares <sup>(2)</sup>	\$0.12	N/A	Acquisition of Amaru and Cordillera
July 31, 2020	3,150,000 Options <sup>(3)</sup>	N/A	N/A	Non-cash
August 10, 2020	1,000,000 units <sup>(4)(5)</sup>	\$0.12	\$120,000	Cash

Notes:

- (1) Units comprising one Share and one half of one share purchase warrant entitling the holder to acquire a further Share at a price of \$0.20 per Share until July 17, 2023.
- (2) Shares issued to Globetrotters pursuant to a share purchase agreement dated July 27, 2020 pursuant to which the Company acquired Amaru and Cordillera.
- (3) Incentive stock option granted to directors, officers and consultants with an exercise price of \$0.12 per Share expiring on July 31, 2025.
- (4) Units comprising one Share and one half of one share purchase warrant entitling the holder to acquire a further Share at a price of \$0.20 per Share until August 10, 2023.
- (5) The securities underlying the Units are subject to the Management Pledge Agreements and the Management Escrow Agreements in relation to the repayment of loans made to certain executive and directors. See "Three Year History, Loans to Management Team" above.

### Trading Price and Volume

The Shares of the Company are not listed for trading on any stock exchange. The Company has applied to list the Shares on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

## ESCROWED SECURITIES

### Escrowed Securities

Under NP 46-201, securities held by Principals are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions as set out therein.

The following table sets forth, as of the date of this Prospectus, the number of securities of each class of securities of the Company held, to the knowledge of the Company, in escrow or that are subject to a



contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class:

Designation of Class	Number of Securities held in Escrow or that are Subject to a Contractual Restriction on Transfer <sup>(1)</sup>	Percentage of Class prior to giving effect to the Offering	Percentage of Class after giving effect to the Offering <sup>(2)</sup>
Shares <sup>(3)</sup>	7,638,778	28.16%	21.51%
Options <sup>(4)</sup>	1,150,000	36.51%	36.51%
Warrants <sup>(5)</sup>	1,083,333	17.65%	7.49%

Notes:

- (1) Securities subject to the Escrow Agreement will be released pro rata to the holders as to 10% on the Listing Date and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.
- (2) Assuming the Offering is completed and the Over-Allotment Option is not exercised.
- (3) Includes 7,138,778 Shares subject to the Escrow Agreement, of which 500,000 Shares are subject to both the Escrow Agreement and the terms of the Management Pledge Agreements and Management Escrow Agreements and a further 500,000 Shares subject to the Management Pledge Agreements and Management Escrow Agreements, but not subject to the Escrow Agreement. Shares subject to the Management Pledge Agreements and Management Escrow Agreements will not be released until the Promissory Notes issued in favor of the Company are repaid. See *Description of the Business, Three Year History, Loans to Management Team*.
- (4) All of which are subject to the Escrow Agreement
- (5) Includes 833,333 warrants held pursuant to the Escrow Agreement of which 250,000 warrants are subject to both the Escrow Agreement and the terms of the Management Pledge Agreements and Management Escrow Agreements and a further 250,000 Warrants subject to the Management Pledge Agreements and Management Escrow Agreements, but not subject to the Escrow Agreement. Shares subject to the Management Pledge Agreements and Management Escrow Agreements will not be released until the Promissory Notes issued in favor of the Company are repaid. See *Description of the Business, Three Year History, Loans to Management Team*.

Following the Closing Date, the Company will be classified as an “emerging issuer” under NP 46-201. An “emerging issuer” is one that does not meet the “exempt issuer” or the “established issuer” criteria. Based on the Company being “emerging issuer”, the Escrowed Securities will be subject to a three-year escrow.

If the Company achieves “established issuer” status during the term of the Escrow Agreement, it will ‘graduate’ resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18-month schedule applicable to established issuers as if the Company had originally been classified as an established issuer.

Pursuant to the Escrow Agreement dated as of July 26, 2021 among the Company, the Escrow Agent and the Principals of the Company, as required pursuant to the policies of the Exchange, (collectively with the Principals, the “**Escrow Holders**”), the Escrow Holders agreed to deposit in escrow their Shares, Options and warrants in the capital of the Company (the “**Escrowed Securities**”) with the Escrow Agent. Under the Escrow Agreement, 10% of the Escrowed Securities will be released from escrow on the Listing Date (the “**Initial Release**”) and an additional 15% will be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow agreement unless the transfers or dealings within escrow are:

- (1) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Company's Board;
- (2) transfers to a person or company that before the proposed transfer holds more than 20% of the Company's outstanding Shares, or to a person or company that after the proposed transfer will hold more than 10% of the Company's outstanding Shares and has the right to elect or appoint one or more directors or senior officers of the Company or any material operating subsidiary;
- (3) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse, children or parents;
- (4) transfers upon bankruptcy to the trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy; and
- (5) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow.

Tenders of Escrowed Securities to a take-over bid or business combination are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid or business combination, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation's escrow classification.

Where the Shares of the Company which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

The complete text of the Escrow Agreement has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and is available for inspection at the offices of the Company's legal counsel at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, during normal business hours during the period of primary distribution of the securities being distributed under this Prospectus and for a period of 30 days thereafter.

### **Shares Subject to Resale Restrictions**

Canadian securities legislation generally provides that shares issued by a company during its private stage, commonly referred to as "seed shares", may not be resold until the expiration of certain hold periods. The legislation which imposes and governs these hold periods is National Instrument 45-102 ("**NI 45-102**"). Pursuant to NI 45-102, securities of an issuer issued prior to an initial public offering are either subject to a "seasoning period" lasting four months from the date an issuer becomes a reporting issuer, or both a seasoning period and a "restricted period" of four months from the date of distribution of the securities. During either a seasoning period or a restricted period, securities may not be resold except pursuant to

an exemption from applicable prospectus and registration requirements. Where an issuer becomes a reporting issuer in certain Canadian jurisdictions (including British Columbia and Alberta) by filing a prospectus in that jurisdiction, however, the 4-month seasoning period is eliminated. Thus, only securities which are subject to a four-month restricted period will be subject to resale restrictions under NI 45-102 after an initial public offering.

Following the issuance of a receipt for a final prospectus of the Company, none of the Company's securities would be subject to a four-month restricted period under NI 45-102. Currently, all of the issued and outstanding securities of the Company are subject to both the "seasoning period", as described above, and a "restricted period" of four months from the date of their respective issuance.

### PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of the Company, as of the date of this Prospectus the only persons who beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued Shares of the Company are as follows:

<b>Name of Shareholder</b>	<b>Number of Shares Presently Owned</b>	<b>Percentage of Shares prior to giving effect to the Offering</b>	<b>Percentage of Shares after giving effect to the Offering <sup>(2)</sup></b>
GlobeTrotters Resource Group Inc. <sup>(1)</sup>	5,000,000 Shares	18.43%	14.08%

Notes:

- (1) Patrick Elliott, the CEO and a director of the Company, is also the VP Corporate Development of GlobeTrotters and holds, directly and indirectly, 750,000 common shares of GlobeTrotters, representing 1.9% of its issued and outstanding shares. Richard Osmond, a director of the Company, is also the President and a director of GlobeTrotters and holds, directly and indirectly, 2,686,668 common shares of GlobeTrotters, representing 7.0% of its issued and outstanding shares.
- (2) Assuming completion of the Offering and that the Over-Allotment Option is not exercised, and before giving effect to any exercise of Warrants, Agent's Warrants or Options.

### DIRECTORS AND OFFICERS

#### **Name, Address, Occupation and Security Holdings**

The following is a list of the current directors and officers of the Company, their municipality and province or state of residence, their current positions with the Company, their principal occupations during the past five years and the number of Shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised. The statements as to securities beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and officers hereinafter named in each instance is based upon information furnished by the person concerned and is as at the date of this Prospectus.

Name and Municipality of Residence and Position	Principal Occupation for Past Five Years	Date of Appointment to Office	Common Shares Held <sup>(2)</sup>	Percentage of Common Shares prior to giving effect to the Offering	Percentage of Common Shares after giving effect to the Offering <sup>(2)(3)</sup>
Patrick Elliott, Delta, B.C., President, CEO and Director <sup>(4)</sup>	Chief Executive Officer, President and Director of Pac Roots Cannabis Corp. (CSE: PACR) from April 2020 to September 2021; Chief Executive Officer and President of the Company since September 2017; Vice President Corporate Development and Strategy of GlobeTrotters Resource Group Inc. since February 2017; Vice President Finance and Director of Ecovatec Solutions from September 2015 to June 2018	May 21, 2013 as director, September 1, 2017 as President and CEO	1,061,001	3.91%	2.99%
Richard Osmond, Maple Ridge, B.C., Director <sup>(1)(5)</sup>	Director of Element 29 Resources Inc. (TSXV listed) from December 2018 to Present and Interim CEO of Element 29 Resources Inc. from October 2017 to December 2018; President and CEO of GlobeTrotters from November 2009 to Present; President of GeoVision Geosciences Inc. a private consulting company since May 2007	May 21, 2021	538,888	1.99%	1.52%
Douglas Turnbull, Vancouver, B.C., Director <sup>(1)(6)</sup>	President of Lakehead Geological Services Inc. (a private geological consulting company) since January 1990	May 21, 2013	159,650	0.59%	0.45%
Stephanie Ashton, Key Biscayne, Florida, Director <sup>(1)(7)</sup>	President of Mashta Consulting Inc. (private mining consulting firm) since February 2013	May 21, 2021	Nil	N/A	N/A
Samantha Shorter, Vancouver, B.C., Chief Financial Officer <sup>(8)</sup>	Self employed financial consultant from July 2011 to Present	August 15, 2020	Nil	N/A	N/A

Name and Municipality of Residence and Position	Principal Occupation for Past Five Years	Date of Appointment to Office	Common Shares Held <sup>(2)</sup>	Percentage of Common Shares prior to giving effect to the Offering	Percentage of Common Shares after giving effect to the Offering <sup>(2)(3)</sup>
Anna Dalaire, Vancouver, B.C., VP Corporate Development and Corporate Secretary <sup>(9)</sup>	President of Dalaire Corporate Services Incorporated (private consulting service company) from January 2009 to Present	May 5, 2021	280,667	1.03%	0.79%

(1) Members of the Audit Committee.

(2) Assuming completion of the Offering and no exercise of the Over-Allotment Option, Agent's Warrants, warrants or the incentive stock options granted to the directors, officers, employees and consultants. See "*Plan of Distribution*" and "*Options to Purchase Securities*."

(3) As of the date of this Prospectus, the directors and officers of the Company, as a group, beneficially own, directly or indirectly, 7.52% of the issued and outstanding Shares of the Company. Following completion of the Offering, the directors and officers of the Company, as a group, will beneficially own, directly or indirectly, 5.75% of the then issued and outstanding Shares of the Company.

(4) Of which 664,334 Shares are held directly, 383,334 Shares are held indirectly through Lexore Capital Corp, a company owned and controlled by Mr. Elliott and 13,333 Shares are held by Mr. Elliott's spouse. Mr. Elliott also holds 333,333 warrants, of which 125,000 warrants are held directly and 208,333 warrants are held indirectly through Lexore Capital Corp., and 600,000 Options all of which are held directly. 250,000 Shares and 125,000 warrants held by Mr. Elliott are subject to a Management Pledge Agreement and a Management Escrow Agreement entered into as security for a loan from the Company, (See *Description of the Business, Three Year History, Loans to Management Team*.) Mr. Elliott is also the VP Corporate Development of GlobeTrotters and holds, directly and indirectly, 750,000 common shares of GlobeTrotters, representing 1.9% of its issued and outstanding shares.

(5) Mr. Osmond also holds 250,000 warrants and 300,000 Options. 250,000 Shares and 125,000 warrants held by Mr. Osmond are subject to a Management Pledge Agreement and a Management Escrow Agreement entered into as security for a loan from the Company, (See *Description of the Business, Three Year History, Loans to Management Team*.) Mr. Osmond is also the President and a director of GlobeTrotters and holds, directly and indirectly, 2,686,668 common shares of GlobeTrotters, representing 7.0% of its issued and outstanding shares.

(6) Of which 33,333 Shares are held directly and 126,317 Shares are held indirectly by Lakehead Geological Services Inc., a company owned and controlled by Mr. Turnbull. Mr. Turnbull also holds 250,000 Options.

(7) Ms. Ashton holds 300,000 Options.

(8) Ms. Shorter holds 150,000 Options.

(9) Ms. Dalaire also holds 125,000 warrants and 150,000 Options. 250,000 Shares and 125,000 warrants held by Ms. Dalaire are subject to a Management Pledge Agreement and a Management Escrow Agreement entered into as security for a loan from the Company. (See *Description of the Business, Three Year History, Loans to Management Team*.)

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of the office of the officers expires at the discretion of the Company's directors.

None of the directors or officers of the Company have entered into non-competition agreements with the Company. Each of Mr. Elliott, Mr. Osmond, Ms. Shorter and Ms. Dalaire have entered into consulting agreements with the Company, either directly or indirectly through companies owned or controlled by them, which contain provisions regarding the disclosure of confidential information regarding the Company.

## Management of Junior Issuers

The following is a brief description of the background of the key management, directors and the promoters of the Company.

**Patrick Elliott** (Age: 40) is the Chief Executive Officer and a director of the Company. He has served the Company as a director since May 2013 and as its President and Chief Executive Officer since September 2017. As President and Chief Executive Officer, Mr. Elliott is responsible for the day-to-day operations, acquisitions and business development of the Company. Mr. Elliott will devote approximately 50% of his working time to the affairs of the Company. Mr. Elliott is not an employee of the Company. Mr. Elliott, as the CEO of the Company, has entered into a consulting agreement with the Company pursuant to which Mr. Elliott will receive annual compensation of \$96,000 per year. Please see *“Executive Compensation”* below.

Mr. Elliott has an M.Sc. in Mineral Economics and an MBA in Mining Finance from Curtin University of Technology in Perth, Australia. He is currently President & CEO of Lexore Capital Corp., a private consulting company and was from April 2020 to September 2021, the President & CEO of Pac Roots Cannabis Corp., a CSE listed cannabis company. Mr. Elliott completed his undergraduate B.Sc. Geology degree at the University of Western Ontario and has spent over 10 years in copper and gold exploration in South America and the US.

**Samantha Shorter**, (Age: 36) is the Chief Financial Officer of the Company. She has served the Company as its Chief Financial Officer since August 2020. As Chief Financial Officer, Ms. Shorter is responsible for coordination of the financial operations of the Company. Ms. Shorter will devote approximately 15% of her working time to the affairs of the Company. Ms. Shorter is not an employee of the Company. Ms. Shorter, as the CFO of the Company, has entered into a consulting agreement with the Company, through Red Fern Consulting Ltd. pursuant to which Red Fern receives annual compensation of \$42,000 per year. Please see *“Executive Compensation”* below.

Ms. Shorter has over a decade of experience in providing reporting, assurance and accounting services to publicly traded companies, including technology and mineral resource companies. She left public practice in 2011, where she acted in the capacity of Audit Manager with a major Canadian accounting firm. She completed a Bachelor of Commerce with Honours at the University of British Columbia. She is a Chartered Professional Accountant (CPA,CA) and Certified Internal Auditor.

**Richard Osmond**, (Age: 54) is a director of the Company. He has served the Company as a director since May 2021. Mr. Osmond will devote approximately 10% of his working time to the affairs of the Company. Mr. Osmond is not an employee of the Company. Mr. Osmond, through his holding company Geovision Geosciences Inc., has entered into a consulting agreement with the Company pursuant to which he receives compensation based on a daily rate on an as needed basis. Please see *“Executive Compensation”* below.

Mr. Osmond has over 25 years of experience in the mining sector including experience with INCO (VBNC), Falconbridge and Anglo American. He was involved in exploration discoveries at Vale's Voisey's Bay deposit and Glencore's Raglan mine. He was later hired as a senior technical leader with Anglo American responsible for North America and Europe focused on Ni exploration in northern Canada, Alaska and Scandinavia as well as IOCG and porphyry Cu-Mo exploration in Mexico and Alaska. Mr. Osmond is currently the President and CEO of GlobeTrotters. Mr. Osmond holds a B. Sc. (honors) from Memorial University.

**Douglas Turnbull**, (Age: 58) is a director of the Company. He has served the Company as a director since May 2013. Mr. Turnbull will devote approximately 5% of his working time to the affairs of the Company. Mr. Turnbull is not an employee of the Company

Mr. Turnbull is a consulting geologist with over 30 years experience in diamond, precious and base metal exploration. He holds an Honours Bachelor of Science degree in Geology from Lakehead University and is a Qualified Professional Geoscientist recognized by the Engineers and Geoscientists of British Columbia. Mr. Turnbull has managed or served on the boards of a number of junior exploration and mining companies with assets ranging from early stage to advanced projects worldwide.

**Stephanie Ashton**, (Age: 55) is a director of the Company. She has served the Company as a director since May 2021. Ms. Ashton will devote approximately 15% of her working time to the affairs of the Company. Ms. Ashton is not an employee of the Company.

Ms. Ashton has over 25 years of experience in the natural resources sector, specifically, exploration and development of mining projects. in Latin America. She has served on the boards of junior mining companies and as an officer in the capacity of CFO and VP corporate development. Ms. Ashton holds B. Sc in International Business from California Polytechnic State University, a Master's in Business from the HEC School of Management and Masters in Mineral Economics from the Universidad de Chile.

**Anna Dalaire**, (Age: 43) is the Corporate Secretary and Vice President of Corporate Development of the Company. She has served the Company as its Corporate Secretary since May 2021 and a VP Corporate Development since July 2021. In this role, Ms. Dalaire is responsible for coordinating with the Company's legal counsel, corporate filings and regulatory matters. Ms. Dalaire will devote approximately 20% of her working time to the affairs of the Company. Ms. Dalaire is not an employee of the Company. Ms. Dalaire has entered into a consulting agreement with the Company, through Dalaire Corporate Services Inc. pursuant to which Dalaire Corporate Services receives annual compensation of \$24,000 per year. Please see "*Executive Compensation*" below.

Ms. Dalaire has 15 years of capital markets experience specializing in compliance and corporate communications. She has worked extensively with junior exploration companies in various corporate capacities. Ms. Dalaire's background is in marketing with a focus on digital communications. Ms. Dalaire obtained her executive assistant and paralegal certificate from Vancouver Community College.

#### **Other Reporting Issuer Experience**

The following table sets out the directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

<b>Name of Director, Officer or Promoter</b>	<b>Name of Reporting Issuer</b>	<b>Exchange</b>	<b>Position</b>	<b>Period</b>
Patrick Elliott	Pac Roots Cannabis Corp.	CSE	President, CEO and Director	April 2020 to September 2021
	Element 29 Resources Inc.	TSXV	Director	January 2019 to Present
Richard Osmond	Element 29 Resources Inc.	TSXV	Director	December 2018 to Present
Samantha Shorter	NexOptic Technology Corp.	TSXV	CFO	November 2014 to Present
	Clear Gold Resources Inc.	NEX	Director	September 2019 to Present
	The BC Bud Corporation (formerly Entheos Capital Corp.)	CSE	CFO	February 2020 to Present
			Corporate Secretary	September 2021 to Present
	Lion One Metals Limited	TSXV	CFO	February 2013 to November 2017
	South Star Battery Metals Corp.	TSXV	CFO	September 2021 to Present
Douglas Turnbull	Grizzly Discoveries Inc.	TSXV	Director	January 2004 to February 2018
	Select Sands Corp.	TSXV	Director	June 2011 to Present
	Comstock Metals Ltd.	TSXV	Director	August 2011 to May 2018
	Black Dragon Gold Corp. (formerly Astur Gold Corp.)	TSXV	CEO and Director	December 2014 to August 2016
Stephanie Ashton	Collingwood Resources Corp.	TSXV	Director	September 2020 to May 2021
Anna Dalaire	Pac Roots Cannabis Corp.	CSE	Corporate Secretary and VP Corporate Development	March 2021 to Present
	Biocure Technology Inc.	CSE	Director	November 2017 to March 2018

### **Aggregate Ownership of Securities**

Prior to this Offering, the directors and officers of the Company, as a group, beneficially own, directly or indirectly, 2,040,206 Shares representing 7.52% of the issued and outstanding Shares of the Company.



Following completion of the Offering, but assuming no exercise of the Over-Allotment Option, the directors and officers of the Company, as a group, will beneficially own, directly or indirectly, 5.75% of the then issued and outstanding Shares of the Company.

### **Corporate Cease Trade Orders or Bankruptcies**

Except as described below, no director, officer, Insider or Promoter of the Company has, within the last 10 years, been a director, officer, Insider or Promoter of any reporting issuer that, while such person was acting in that capacity or was issued after such person ceased to be a director, officer, insider or Promoter and which resulted from an event that occurred while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Stephanie Ashton was the Chief Financial Officer of Seafield Resources Ltd. (“Seafield”), a TSXV listed issuer, when it failed to make an interest payment of \$402,317 due July 15, 2014 under a debt facility agreement (the “Facility Agreement”) with RMB Australia Holdings Limited, as lender, and RMB Resources Inc., as agent (collectively, “RMB”). On August 28, 2014, Seafield received from RMB a Notice of Default and Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act* (Canada) in respect of amounts owing under the Facility Agreement. On September 9, 2014, the Ontario Superior Court of Justice appointed KPMG LLP to act as receiver and manager of all the assets, undertakings and properties of Seafield, following an application brought by RMB. On August 24, 2015, Seafield filed an assignment in bankruptcy.

Samantha Shorter was the Chief Financial Officer of Medipure Holdings Inc., a CSE listed issuer, when it failed to file audited financial statements as well as associated MD&A and certifications for the financial year ended June 30, 2015. The British Columbia Securities Commission issued a cease trade order on November 4, 2015. Ms. Shorter resigned as CFO on November 16, 2015, and the Ontario Securities Commission issued a cease trade order on November 20, 2015. Both cease trade orders remain in place as of the date of this Prospectus though Medipure Holdings Inc. has since filed the outstanding financial statements.

Samantha Shorter is a director of Clear Gold Resources Inc. a NEX listed issuer. At the time Ms. Shorter joined the board of directors, Clear Gold Resources Inc. was subject to a cease trade order issued by the British Columbia Securities Commission on November 4, 2015 as a result of the failure to file audited financial statements as well as associated MD&A and certifications for the financial year ended June 30, 2015. A revocation order was issued on January 22, 2021 upon the filing of the outstanding financial statements.

### **Penalties and Sanctions**

No director, officer, Insider or Promoter of the Company, or any shareholder holding sufficient securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

## **Personal Bankruptcies**

No director, officer, Insider or Promoter of the Company, or any shareholder holding sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has, within the 10 years preceding the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

## **Conflicts of Interest**

There are potential conflicts of interest to which some or all of the directors, officers, Insiders and Promoters of the Company will be subject to in connection with the operations of the Company. The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. Some of the directors and officers of the Company are directors and officers of other companies. See *"Other Reporting Issuer Experience"*. Accordingly, situations may arise where some or all of the directors, officers, Insiders or Promoters of the Company will be in direct competition with the Company.

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. To the best of the Company's knowledge, other than is disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors, officers or other members of management of the Company as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. Such directors or officers, in accordance with the BCBCA are required to disclose all such conflicts and are expected to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

## **EXECUTIVE COMPENSATION**

### **Director and Named Executive Officer Compensation**

Prior to obtaining a receipt for this Prospectus from securities regulatory authorities in the Offering Jurisdictions, the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6V – Statement of Executive Compensation – Venture Issuers (**"Form 51-102F6V"**) has been omitted pursuant to Section 1.3(8) of Form 51-102F6V.

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. “Named Executive Officer” is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) the most highly compensated executive officer of the Company, including any of its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than \$150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year.

As of the date of this Prospectus, the Company has the following Named Executive Officers (collectively, the “Named Executive Officers” or “NEOs”):

- Patrick Elliott, Chief Executive Officer, President and Director of the Company; and
- Samantha Shorter, Chief Financial Officer.

The following table (presented in accordance with Form 51-102F6V), is a summary of compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs during the years ended December 31, 2019 and December 31, 2020.

<b>Table of compensation excluding compensation securities</b>							
Name and position <sup>(3)</sup>	Year End December 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Patrick Elliott, President, CEO and Director	2020	78,000	Nil	Nil	Nil	Nil	78,000
	2019	52,095	Nil	Nil	Nil	Nil	52,095
Samantha Shorter, CFO <sup>(1)</sup>	2020	15,750	Nil	Nil	Nil	Nil	15,750
Douglas Turnbull, Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Thomas Henriksen, Former Director <sup>(2)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Samantha Shorter was appointed as Chief Financial Officer on August 15, 2020.
- (2) Thomas Henriksen did not stand for re-election as a director at the Company’s annual general meeting held on May 21, 2021.
- (3) Subsequent to the year ended December 31, 2020, on May 21, 2021, Stephanie Ashton and Richard Osmond were appointed as directors and on May 5, 2021, Anna Dalaire was appointed as Corporate Secretary.

See *Loans to Management Team* above.

## External Management Companies.

Other than as disclosed below under “*Employment, Consulting and Management Agreements*” below, the Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or Directors and, other than as disclosed below, the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

## Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO or director by the Company or its subsidiaries during the year ended December 31, 2020, for services provided, directly or indirectly to the Company or any of its subsidiaries:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of Issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$) <sup>(1)</sup>	Closing price of security or underlying security at period ended June 30, 2021 (\$) <sup>(2)</sup>	Expiry date
Patrick Elliot, President CEO and Director	Options	600,000/19.05%	July 31, 2020	\$0.12	N/A	N/A	July 31, 2025
Samantha Shorter, CFO	Options	150,000/4.76%	July 31, 2020	\$0.12	N/A	N/A	July 31, 2025
Richard Osmond, Director	Options	300,000/9.52%	July 31, 2020	\$0.12	N/A	N/A	July 31, 2025
Douglas Turnbull, Director	Options	250,000/7.94%	July 31, 2020	\$0.12	N/A	N/A	July 31, 2025
Stephanie Ashton, Director	Options	300,000/9.52%	July 31, 2020	\$0.12	N/A	N/A	July 31, 2025
Anna Dalaire, Corporate Secretary	Options	150,000/4.76%	July 31, 2020	\$0.12	N/A	N/A	July 31, 2025

(1) As of the date of grant, the Shares were not listed for trading on any stock exchange

(2) As of December 31, 2020, and as at the date of this Prospectus, the Shares are not listed for trading on any stock exchange.

The following table discloses the total amount of compensation securities to be held by the NEOs and directors as at December 31, 2020 and as at the Listing Date. The Options have vested, but in connection with the Offering, have been restricted from exercise pending completion of the Offering, failing which they will be cancelled.

<b>Name and Position</b>	<b>Number and type of Compensation Securities</b>
Patrick Elliott, President, CEO and Director	600,000 Options
Samantha Shorter, CFO	150,000 Options
Richard Osmond, Director	300,000 Options
Douglas Turnbull, Director	250,000 Options
Stephanie Ashton, Director	300,000 Options
Anna Dalairé, Corporate Secretary	150,000 Options

No other compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the year ended December 31, 2020.

No compensation securities were exercised by a director or NEO during the year ended December 31, 2020.

Subsequent to the year ended December 31, 2020, the Company adopted the Stock Option Plan. The current number of Options outstanding, which were granted prior to the adoption of the Stock Option Plan, exceed the number of Shares reserved under the Stock Option Plan. Upon completion of the Offering however, the number of Options will be within the amount permitted by the Stock Option Plan. In the event that the Offering is not completed, the outstanding options will be cancelled. The options and the Stock Option Plan are described below at *“Options to Purchase Securities”*.

#### **Stock Option Plans and Other Incentive Plans**

The Company adopted its Stock Option Plan at its most recent annual meeting held on May 21, 2021.

The purpose of the Stock Option Plan is to attract and motivate directors, officers and employees of and consultants to the Company and its subsidiaries and thereby advance the Company’s interests by affording such persons with an opportunity to acquire an equity interest in the Company through the stock options. The principal terms of the Stock Option Plan are described above at *“Options to Purchase Securities”*.

The Stock Option Plan does not require shareholder approval until such time as the Company seeks to materially amend the Stock Option Plan, including the number of options available under it.

#### **Employment, Consulting and Management Agreements**

Except as described below, the Company does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO’s responsibilities.

The Company has entered into a consulting agreement dated July 1, 2020, as amended, with Patrick Elliott for the provision of services by Mr. Elliott to the Company as its Chief Executive Officer. Pursuant to the consulting agreement, Mr. Elliott receives monthly compensation of \$8,000 per month. The consulting agreement has a 12-month term ending on July 1, 2021 and is automatically renewed for successive one-year periods thereafter, unless terminated. The consulting agreement may be terminated by the Company at any time upon the provision of at least 90 days’ notice and by Mr. Elliott on 60 days’ notice. In the event of a take-over or change of control of the Company resulting in the actual or constructive termination of

Mr. Elliott's services, the Company shall pay a lump sum to Mr. Elliott equal to 12 months of monthly compensation.

The Company has also entered into a consulting agreement dated August 17, 2020 with Red Fern Consulting Ltd. for the provision of management, financial and administrative services, including services provided by Ms. Shorter as its Chief Financial Officer. Red Fern Consulting Ltd. receives monthly compensation of \$3,500 per month. The consulting agreement has a 12-month term ending on August 17, 2021 and is automatically renewed for successive one-year periods thereafter, unless terminated. The consulting agreement may be terminated by either the Company or Red Fern at any time upon the provision of at least 90 days' notice. In the event of a change of control of the Company resulting in the termination of the consulting agreement, the Company shall pay a lump sum to Red Fern equal to 12 months of monthly compensation, based on the average of the preceding three months.

The Company has entered into an agreement dated July 1, 2020, as amended, with Geovision Geosciences Inc. ("Geovision"), a company owned and controlled by Richard Osmond, for consulting services. Geovision receives compensation of \$700 per day for each day that Geovision is requested to provide services to the Company. The consulting agreement has a 12-month term ending on July 1, 2021 and is automatically renewed for successive one-year periods thereafter, unless terminated. The consulting agreement may be terminated by the Company at any time upon the provision of at least 90 days' notice and by Geovision on 60 days' notice. In the event of a take-over or change of control of the Company resulting in the actual or constructive termination of Geovision's services, the Company shall pay a lump sum to Geovision equal to \$30,000.

The Company has entered into an agreement dated July 1, 2020, as amended, with Dalaire Corporate Services Inc. ("DCSI"), a company owned and controlled by Anna Dalaire, for the provision of corporate secretarial services. DCSI receives monthly compensation of \$2,000 per month. The consulting agreement has a 12-month term ending on July 1, 2021 and is automatically renewed for successive one-year periods thereafter, unless terminated. The consulting agreement may be terminated by the Company at any time upon the provision of at least 90 days' notice and by DCSI on 60-day notice. In the event of a take-over or change of control of the Company resulting in the actual or constructive termination of DCSI's services, the Company shall pay a lump sum to DCSI equal to six months of monthly compensation. Ms. Dalaire was formally appointed as the Company's corporate secretary in May 2021.

### **Compensation Discussion and Analysis**

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development. Currently, the Company's peer group consists of the following companies: Element 29 Resources Inc., Candente Copper Corp., Camino Minerals Corp and Condor Resources Inc., all of which are focused on mineral exploration in Peru, and all of which, other than Candente Copper Corp, are 'venture issuers'. Changes to the peer group may be made from time to time as recommended by the Board.

The Company compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the

Company's resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Company does not provide pension or other benefits to the executive officers. The Company does not have pre-existing performance criteria or objectives. All significant elements of compensation awarded to, earned by, paid or payable to NEOs are determined by the Company on a subjective basis. The Company has not used any peer group to determine compensation for its directors and NEO.

The Board has the responsibility to administer compensation policies related to executive management of the Company as well as the members of the Board, including option-based awards. The Board has approved the Stock Option Plan pursuant to which the Board has granted stock options to executive officers and directors. The Stock Option Plan provides compensation to participants and an additional incentive to work toward long-term company performance. The Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive or director as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers and the directors, the Board takes into account the number of options, if any, previously granted to each executive officer or director and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers and directors with the interests of shareholders.

The Board has not yet approved any specific policy concerning director compensation and does not plan to pay directors fees. Directors will be compensated for their services to the Company in the form of option-based awards to be reviewed by the Board from time to time and at least once per financial year.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

### **Pension Disclosure**

The Company does not have any pension or retirement plan which is applicable to the NEOs or directors. The Company has not provided compensation, monetary or otherwise, to any person who now or previously has acted as a NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company.

## Securities Authorized for Issuance under Equity Compensation Plans at December 31, 2020

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price or outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))
Equity compensation plans approved by securityholders	Nil	N/A	Nil
Equity compensation plans not approved by securityholders	3,150,000	\$0.12	N/A
Total	Nil	N/A	N/A

### Management Contracts

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than with respect to the Promissory Notes issued to the Company described in this Prospectus under Description of the Business, Three Year History, Loans to Management Team, none of the directors, executive officers or employees of the Company or former directors, executive officers or employees of the Company or its subsidiaries had any indebtedness outstanding to the Company or any of the subsidiaries as at the date hereof and no indebtedness of these individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of the subsidiaries as at the date hereof, except as disclosed below. Additionally, no individual who is, or at any time during the Company's last financial year was, a director or executive officer of the Company, proposed management nominee for director of the Company or associate of any such director, executive officer or proposed nominee is as at the date hereof, or at any time since the beginning of the Company's last financial year has been, indebted to the Company or any of its subsidiaries or to another entity where the indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, including indebtedness for security purchase or any other programs, except as disclosed below:

AGGREGATE INDEBTEDNESS (\$) AS OF THE DATE OF THIS PROSPECTUS		
Purpose	To the Company or its Subsidiaries	To Another Entity
(a)	(b)	(c)
Personal Use	\$120,000	Nil
Other	Nil	Nil



## AUDIT COMMITTEE

The Company's audit committee (in this section, the "Audit Committee") has various responsibilities as set forth in NI 52-110. The Audit Committee over sees the accounting and financial reporting practices and procedures of the Company and the audits of the Company's financial statements. The principal responsibilities of the Audit Committee include: (i) overseeing the quality, integrity and appropriateness of the internal controls and accounting procedures of the Company, including reviewing the Company's procedures for internal control with the Company's auditors and chief financial officer; (ii) reviewing and assessing the quality and integrity of the Company's internal and external reporting processes, its annual and quarterly financial statements and related management discussion and analysis, and all other material continuous disclosure documents; (iii) establishing separate reviews with management and external auditors of significant changes in procedures or financial and accounting practices, difficulties encountered during auditing, and significant judgments made in management's preparation of financial statements; (iv) monitoring compliance with legal and regulatory requirements related to financial reporting; (v) reviewing and pre-approving the engagement of the auditor of the Company and independent audit fees; and (vi) assessing the Company's accounting policies, and considering, approving, and monitoring significant changes in accounting principles and practices recommended by management and the auditor.

### Audit Committee Charter

The full text of the charter of the Company's Audit Committee is set in Schedule "F" attached hereto.

### Composition of the Audit Committee

As noted above, the members of the Audit Committee are Richard Osmond, Douglas Turnbull and Stephanie Ashton, of which Ms. Ashton and Mr. Turnbull are considered independent and Mr. Osmond is not considered independent as a result of his relationship as President and a director of GlobeTrotters, a significant shareholder of the Company and as a result of the consulting agreement between the Company and Geovision as described above under *Employment, Consulting and Management Agreements*. Mr. Osmond will serve as chair of the audit committee. All members of the Audit Committee are considered to be financially literate.

A member of the audit committee is *independent* if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

A member of the audit committee is considered *financially literate* if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

### Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and

an understanding of internal controls and procedures for financial reporting, are as follows:

*Richard Osmond:* Mr. Osmond holds a B. Sc. (honors) from Memorial University. Mr. Osmond has over 25 years of experience in the mining sector. Mr. Osmond has been a board member of several private companies and has experience with various operational and reporting requirements, including the reporting of internal financial reporting requirements and economic projections. Based on his experience, Mr. Osmond has an understanding of financial reporting requirements respecting financial statements sufficient enough to enable him to discharge his duties as an audit committee member.

*Douglas Turnbull:* Mr. Turnbull is a professional geologist with more than 30 years' of international experience in the mineral resource sector and a member of the Engineers and Geoscientists of British Columbia. He has previously held positions as a senior executive and senior management for publicly listed mineral resource companies since 1998. Mr. Turnbull holds an H.B.Sc. in Geology from Lakehead University in Ontario and has participated in several corporate governance seminars and continuous disclosure courses. He currently serves on the audit committee of Select Sands Corp. (a TSXV listed issuer). Based on his experience, Mr. Turnbull has an understanding of financial reporting requirements respecting financial statements sufficient enough to enable him to discharge his duties as an audit committee member.

*Stephanie Ashton:* Ms. Ashton has over 25 years of experience in the natural resources sector, specifically, exploration and development of mining projects, in Latin America. She has served on the boards of junior mining companies and as an officer in the capacity of CFO. Ms. Ashton holds B. S in International Business from California Polytechnic State University, a Master's in Business from the HEC School of Management in France and Masters in Mineral Economics from the Universidad de Chile. Ms. Ashton was previously the CFO of Aegean Metals Group Inc (TSXV), Seafield Resources Ltd. (TSXV) and AQM Copper Inc. (TSXV). Based on her experience, Ms. Ashton has an understanding of financial reporting requirements respecting financial statements sufficient enough to enable her to discharge her duties as an audit committee member.

### **Audit Committee Oversight**

At no time since incorporation has the Audit Committee made any recommendations to the Board to nominate or compensate any external auditor

## Reliance of Certain Exemptions in NI 52-110 regarding De Minimis Non-Audit Services or on a Regulatory Order Generally

At no time since incorporation has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) (which exempts all non-audit services provided by the Company's auditor from the requirement to be preapproved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Pre-Approval Policies on Certain Exemptions

Except as described in the audit committee charter reproduced above, the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

### External Auditor Services Fees

The Audit Committee has pre-approved the nature and amount of the services provided by Crowe MacKay LLP, Chartered Professional Accountants, to the Company to ensure auditor independence. Fees incurred for audit services since incorporation are outlined below:

Nature of Services	Fees Accrued to Auditor in financial year ended December 31, 2020	Fees Accrued to Auditor in the financial year ended December 31, 2019
Audit Fees <sup>(1)</sup>	\$21,000	\$16,000
Audit Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	Nil
All other Fees <sup>(4)</sup>	Nil	Nil
Total	\$21,000	\$16,000

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" includes all other non-audit services".

### Exemption in Section 6.1 of NI 52-110

The Company is a "venture issuer" as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

## **CORPORATE GOVERNANCE**

### **General**

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore such guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Company. Corporate governance also takes into account the role of the individual members of management appointed by the Board who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making

### **Composition of the Board**

The Board facilitates its exercise of independent supervision over management by ensuring that the Board is composed of a majority of independent directors. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. The Board has four directors, two of which are considered to be independent. Mr. Turnbull and Ms. Ashton are considered to be independent directors for the purposes of NI 58-101 and Mr. Elliott is not considered to be independent due to his relationship as a senior officer of the Company and Mr. Osmond is not considered to be independent due to his relationship as the President and a director of GlobeTrotters, a significant shareholder of the Company and as a result of the consulting agreement between the Company and Geovision as described above under above under Employment, Consulting and Management Agreement.

The Board of the Company facilitates its exercise of supervision over Company's management through frequent meetings of the Board.

### **Mandate of the Board**

The Board has responsibility for the stewardship of the Company including responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

The Board sets long term goals and objectives for the Company and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business. The Board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Company's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Company is authorized to act without board approval, on all ordinary course matters relating to the Company's business.

The Board also monitors the Company's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board is responsible for selecting the Chief Executive Officer and appointing senior management and for monitoring their performance.

### **Directorship**

The following is a list of each director of the Company who is also a director of other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction as of the date of this Prospectus:

<u>Name of director</u>	<u>Other reporting issuer</u>
Patrick Elliott	Element 29 Resources Corp.
Richard Osmond	Element 29 Resources Corp.
Douglas Turnbull	Select Sands Corp.

### **Position Descriptions**

The Board has not developed written position descriptions for the chair or the chair of any board committees or for the CEO. Given the size of the Company's infrastructure and the existence of only a small number of officers, the Board does not feel that it is necessary at this time to formalize position descriptions in order to delineate their respective responsibilities.

### **Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business and industry and on the responsibilities of directors. New directors also receive historical public information about the Company and the mandates of the committees of the Board. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. In addition, new directors are encouraged to visit and meet with management on a regular basis and to pursue continuing education opportunities where appropriate.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation

on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Under applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interest of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction is a director or officer (or an individual acting in a similar capacity) of a party to the contract or voting on the contract or transaction, unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid, and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

### **Nomination of Directors**

The Board will consider its size each year when it considers the number of directors to recommend to the shareholders of the Company for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, show support for the Company's mission and strategic objectives, and a willingness to serve.

The Company has adopted advance notice provisions within the Articles of the Company (the "Advance Notice Provisions").

The Advance Notice Provisions are intended to facilitate an orderly and efficient annual and/or special meeting process and ensure that all shareholders receive adequate notice and information about director nominees. The Advance Notice Provisions provide a clear process for shareholders to follow to nominate directors, and sets out a reasonable time for nominee submissions to be considered.

The Advance Notice Provisions fix a deadline by which holders of record of the Company's common shares must submit director nominations to the Company prior to any annual or special meeting of shareholders,

and sets out the information that a shareholder must include in such notice to the Company. In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days nor more than 65 days prior to the date of the annual meeting, unless the annual meeting is to be held less than 40 days after the meeting was first announced, in which case notice may be made no later than the close of business on the 10th day after the announcement. In the case of a special meeting of the shareholders, notice to the Company must be made no later than the close of business on the 15th day following public announcement of the date of the special meeting.

### **Compensation**

The Board is, among other things, responsible for determining all forms of compensation to be granted to the Chief Executive Officer of the Company and other senior management and executive officers of the Company, for evaluating the Chief Executive Officer's performance in light of the corporate goals and objectives set for him/her, for reviewing the adequacy and form of the compensation and benefits of the directors in their capacity as directors of the Company to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director. The directors decide as a Board the compensation for the Company's officers, based on industry standards and the Company's financial situation.

### **Other Board Committees**

The Board has no committees other than the Audit Committee as described above under the heading "*Audit Committee*".

### **Assessments**

The Board regularly assesses its own effectiveness and the effectiveness and contribution of each Board committee member and Director.

## **PLAN OF DISTRIBUTION**

### **The Offering**

The Offering consists of 8,333,333 Units of the Company at a price of \$0.30 per Unit for gross proceeds of \$2,500,000.

In addition, the Agent has been granted the Over-Allotment Option exercisable, in whole or in part, at any time up to the Closing Date, to sell up to an additional 15% of the Units sold pursuant to the Offering at the Offering Price.

The Over-Allotment Option is exercisable by the Agent giving notice in writing to the Company prior to the expiry of the Over-Allotment Option, which notice shall specify the number of Units to be sold. This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Shares, Warrants and Warrant Shares forming part of the Units issuable upon exercise of the Over-Allotment Option.

### **Appointment of the Agent**

Pursuant to the Agency Agreement, the Company appointed the Agent as its exclusive agent for the purposes of the Offering, and the Corporation, through the Agent, hereby offers for sale to the public

under this Prospectus on a commercially reasonable efforts basis, the Units at a price of \$0.30 per Unit in the Offering Jurisdictions. This Prospectus qualifies the distribution of the Units to the purchasers in the Offering Jurisdictions. The Agent reserves the right, at no additional cost to the Company, to offer selling group participation in the normal course of the brokerage business to selling groups or other licensed dealers and investment dealers, who may or may not be offered part of the Agent's Commission or Agent's Warrants derived from the Offering. The Agent is not obligated to purchase Units in connection with the Offering. The obligations of the Agent under this Offering may be terminated at any time in the Agent's discretion on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain other stated events, including industry standard "market out", "material adverse change out", "disaster out" and "regulatory proceedings out" provisions.

The funds received from the Offering will be held by the Agent and will not be released until the Closing. The total subscription must be raised within 90 days of the date a receipt for the Prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period, failing which the Agent will remit the funds collected back to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent, unless an amendment to the Prospectus is filed and the Securities Commissions have issued a receipt for the amendment. If an amendment to the Prospectus is filed and the Securities Commissions have issued a receipt for the amendment, the distribution must cease within 90 days from the date of the receipt for the amendment to the Prospectus and in any event not later than 180 days from the receipt for the final prospectus.

Subscriptions will be received for Units offered hereby subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time. Upon rejection of a subscription, or in the event the Offering does not complete within the time required, the subscription price and the subscription will be returned to the subscriber forthwith without interest or deduction.

At the Closing, the Units, which are immediately separable into Shares and Warrants, distributed under this Prospectus will be available for delivery in book-entry form or the non-certificated inventory system of CDS or, its nominee, and will be deposited with CDS on the closing of the Offering. Purchasers of Units will receive only a customer confirmation from the Agent as to the number of Units subscribed for. Certificates representing the Shares and Warrants in registered and definitive form will be issued in certain limited circumstances.

Other than the offering expenses disclosed elsewhere in this Prospectus and payments to be made to the Agents as disclosed in this section, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder, or any other person or company in connection with the Offering.

The directors, officers and other insiders of the Company may purchase Units from the Offering.

The Agency Agreement provides that, upon the occurrence of certain events or at the discretion of the Agent on the basis of its assessment of the state of financial markets, the Agent may terminate the Offering and the obligations of purchasers to purchase the Units will then cease.

David Elliott, a director of Haywood, is also a director of GlobeTrotters. GlobeTrotters is considered an "influential securityholder" of the Company (as such term is defined in NI 33-105). Consequently, the Company may be considered a "connected issuer" of Haywood (as such term is defined in NI 33-105) in connection with the Offering. The decision to complete the Offering and the determination of the terms of the Offering have been made through negotiations between the Company and the Agent. Except for



the Agent's Commission, the Agent's Warrants, the Corporate Finance Fee, the Corporate Finance Units and the reasonable fees and expenses of the Agents payable by the Company in accordance with the Agency Agreement, the proceeds of the Offering will not be applied for the benefit of Haywood.

The Company has agreed, subject to certain exceptions, not to directly or indirectly, offer, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of or agree to or announce any intention to do so, any Shares or any securities convertible into or exchangeable for, or otherwise exercisable to acquire Shares for a period of 180 days after the Closing Date, without the prior written consent of the Agent, such consent not to be unreasonably withheld or delayed, except in conjunction with: (i) the exercise of the Over-Allotment Option; (ii) the grant or exercise of stock options and other similar issuances pursuant to the Stock Option Plan and other share compensation arrangements currently in place; (iii) the issue of Shares upon the exercise of convertible securities, warrants or options outstanding prior the Closing Date; and (iv) property and/or other corporate acquisitions.

As a condition of closing of the Offering, each of the senior officers and directors of the Company and any shareholder of the Company beneficially owning or exercising control, either directly or indirectly of , more than 5% of the Company's common shares outstanding, will enter into agreements in favour of the Agent pursuant to which each will agree not to, directly or indirectly, sell, or announce any intention to sell, any Shares or other securities convertible into, exchangeable for, or otherwise exercisable to acquire Shares for a period of 180 days after the Closing Date, without the prior written consent of the Agent, such consent not to be unreasonably withheld.

In the event that the Company determines not to complete the Offering in order to complete an 'alternative transaction' within nine months of the Agent's engagement letter dated April 27, 2021, the Company is obligated to pay to the Agent promptly upon the closing of such alternative transaction, a fee equal to the maximum amount of fees payable under the Agency Agreement calculated on the basis of the Offering being completed. An 'alternative transaction' constitutes for this purpose, an issuance of securities of the Company or a business transaction either of which involves a change of control of the Company, or any material subsidiary, including a merger, amalgamation, arrangement, take-over bid supported by the Board, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or any similar transaction, but excluding the issuance of securities pursuant to the exercise of securities of the Company outstanding or in connection with a bona fide acquisition by the Company.

### **Agent's Compensation**

Under the terms of the Agency Agreement, the Company has agreed to pay the Agent's Commission (i) 7% of the gross proceeds of the Offering, other than the gross proceeds raised from purchasers on the President's List, payable in cash from the proceeds of the sale of the Units and (ii) 3% of the gross proceeds raised from the President's List, payable in cash from the proceeds of the sale of Units.

The Agent will also be paid a Corporate Finance Fee of \$40,000 plus GST, of which \$25,000 shall be paid in cash and the remaining \$15,000 shall be paid through the issuance of the Corporate Finance Units. The Company has advanced \$10,000 in cash towards the cash portion of the Corporate Finance Fee.

The Company has also agreed to reimburse the Agent for its reasonable expenses of which the Company has advanced \$10,000 as a retainer.

The Company has also agreed to grant in aggregate to the Agent the Agent's Warrants on completion of the Offering entitling the Agent to purchase that number of Agent's Units equal to 7.0% of the number of Units sold pursuant to this Offering, excluding the Units sold pursuant to purchasers on the President's List. In connection with the President's List, the Agents will receive Agent's Warrants to purchase that number of Agent's Units that is equal to 3% of the Units sold pursuant to the President's List.

Each Agent's Warrant is exercisable at a price of \$0.30 per Agent's Unit for a period of 12 months from the Closing Date. Each Agent's Unit will comprise one Agent's Unit Share and one Agent's Unit Warrant. Each Agent's Unit Warrant shall be exercisable at a price of \$0.50 per Agent's Unit Warrant Share until the date which is 36 months from the Closing Date.

Issuance of the Corporate Finance Units and the Agent's Warrants shall be qualified by the Prospectus to the maximum extent permissible by National Instrument 41-101. The Agent acknowledges that any combination of the Corporate Finance Units, Agent's Unit Shares and Agent's Unit Warrants which exceed 10% of the Units sold under the Prospectus will not be qualified for distribution under the Prospectus, and will be subject to a four month hold period in accordance with applicable securities laws.

### **Listing Application**

The Company has applied to list the Shares, including the Shares underlying the Options, Warrants, the Agent's Warrants, the Agent's Unit Warrants and the Corporate Finance Units, distributed under this prospectus on the Exchange.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

### **Determination of Price**

The price of the Units and the commission payable to the Agent was established through negotiation between the Company and the Agent.

### **Distributions in the United States**

The securities offered under this Prospectus have not been and will not be registered under the U.S. Securities Act or the securities laws of any state. Such securities may not be offered or sold or otherwise transferred or disposed of within the United States or to, or for the account or benefit of, any "U.S. Person" (as such term is defined in Regulation S under the U.S. Securities Act) without registration unless an exemption from registration is available.

The Agent has agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable U.S. federal and state securities laws, it will not offer or sell the Units at any time in the United States as part of its distribution. The Agency Agreement permits the Agent, by or through their U.S. registered broker-dealer affiliates, to offer and sell Units in the United States to "qualified institutional buyers" within the meaning of Rule 144A, provided such offers and sales are made in transactions in accordance with Section 4(a)(2) of the U.S. Securities Act and similar exemptions under applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

### **Prospective Purchasers in the United Kingdom**

In the United Kingdom, the Offering is exempt from the requirement to publish an approved prospectus pursuant to Section 86 of the United Kingdom Financial Services and Markets Act 2000 ("FSMA"). Accordingly, this Prospectus is not a prospectus for the purposes of Section 85(1) of FSMA or an "approved prospectus" within the meaning of Section 85(7) of FSMA. It has not been prepared in accordance with the prospectus rules contained in the handbook of the United Kingdom Financial Conduct Authority ("FCA") published and updated from time to time by the FCA. Accordingly, its contents have not been examined or approved by the FCA under Section 87A of FSMA or by the London Stock Exchange plc and it has not been filed with the FCA pursuant to the rules published by the FCA implementing the Prospectus Regulation ((EU) 2017/1129)) Furthermore, this Prospectus has not been approved by a person authorized under the FSMA, for the purposes of Section 21 of FSMA and such approval would be required for any recipient in the United Kingdom not within the exemptions contained in Article 19 (investment professionals), Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) or Article 50 (certified sophisticated investors) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO"). The Offering is only being and may only be made to or directed at persons in the United Kingdom who are within the categories of persons referred to in Article 19(5) (Investment professionals), Article 49(2)(a) to (d) (High net worth companies, unincorporated associations etc.) or Article 50 (certified sophisticated investors) of the FPO ("relevant persons"). If subscribers fall within Article 19(5) (investment professionals) of the FPO, the Offering is directed at persons having professional experience in matters relating to investments and any investment or investment activity to which this Prospectus relates is available only to such persons and will be engaged in only with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this Prospectus. The securities being offered hereby are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. Reliance on this document for the purpose of engaging in any investment activity may expose the investor to a significant risk of losing all of the property invested or of incurring additional liability.

### **RISK FACTORS**

The securities offered hereunder must be considered highly speculative due to the nature of the Company's business. Prospective investors should carefully consider the information presented in this Prospectus before purchasing the Units offered under this Prospectus, and in particular should give special consideration to the risk factors below and in the section entitled "*Forward-Looking Statements*" above.

The risk and uncertainties below are not the only risks and uncertainties facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations and future prospects of the Company and cause the price of the Shares to decline. If any of the following risks actually occur, the business of the Company

may be harmed and its financial condition and results of operations may suffer insignificantly. As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Units. In addition to the risks described elsewhere and the other information in this Prospectus, prospective investors should carefully consider each of, and the cumulative effect of all of, the following risk factors:

## **Risks Related to the Offering**

### ***Discretion in the Use of Proceeds***

The Company intends to use the net proceeds from the Offering as set forth under “*Use of Proceeds*”; however, the Company maintains broad discretion concerning the use of the net proceeds of the Offering as well as the timing of their expenditure. The Company may re-allocate the net proceeds of the Offering other than as described under the heading “*Use of Proceeds*” if management of the Company believes it would be in the Company’s best interest to do so and in ways that a purchaser may not consider desirable. Until utilized, the net proceeds of the Offering will be held in cash balances in the Company’s bank account or invested at the discretion of the Board of Directors. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the net proceeds of the Offering. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, the Company’s results of operations may suffer, which could adversely affect the price of the Shares. The timing of the Company’s use of the net proceeds of the Offering could also be adversely impacted by the COVID-19 pandemic as discussed below.

### ***Additional Financing***

The exploration and development of the Pucarini Project will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company’s business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold and copper industries in particular), the Company’s status as a new enterprise with a limited history, the price of commodities and/or the loss of key management personnel. Further, if the price of gold, copper and other metals on the commodities markets decreases, then potential revenues from the Pucarini Project will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the Pucarini Project. The Company will require additional financing to fund its operations until positive cash flow is achieved. See “*Risk Factors – Negative Cash Flow from Operations*”.

### ***No Current Market for Shares***

The Company has applied to list the Shares on the Exchange. However, there is currently no market through which the Shares may be sold. The purchasers may not be able to resell the securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation.

### ***Volatility of Stock Markets***

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Shares to sell their securities at an advantageous price. Market price fluctuations in the Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Shares.

Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Shares may be materially adversely affected.

Before this Offering, there had been no public market for the Company's Shares. An active public market for the Shares might not develop or be sustained after the Offering. The Offering Price of the Shares has been determined by negotiation between the Company and the Agent, and this price will not necessarily reflect the prevailing market price of the Shares following this Offering. If an active public market for the Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial public offering price.

### ***Risk Factors Related to Dilution***

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Shares will be issued by the Company on the exercise of options under the Stock Option Plan and upon the exercise of outstanding warrants.

The following table sets out the immediate dilution to purchasers of Shares under this Prospectus assuming completion of the Offering.

<b>Dilution</b>	<b>Expressed in Dollars per Share</b>	<b>Expressed as a Percentage of Subscription Price</b>
Offering	\$0.1272	42.41%

Dilution has been computed on the basis of total gross proceeds to be raised by this Prospectus (assuming the Over-Allotment Option is not exercised and from the sale of securities prior to filing this Prospectus, without deduction of commissions or related expenses by the Company and does not assume the exercise of any warrants, Options or the Agent's Warrants.

It is likely that the Company will enter into more agreements to issue Shares and warrants and options to purchase Shares. The impact of the issuance of a significant amount of Shares from these warrant and option exercises could place downward pressure on the market price of the Shares.

#### ***Enforcement of Judgments Against Certain Persons and Foreign Subsidiaries***

Stephanie Ashton, a director of the Company, resides outside of Canada. Although Ms. Ashton has appointed S. Paul Simpson Law Corporation at 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 as her agent for service of process in Canada, it may not be possible for investors to enforce judgements obtained in Canada against Ms. Ashton.

In addition, Steven Park, one of the qualified persons involved in the preparation of the Pucarini Report, is also resident outside of Canada, and all of the Company's subsidiaries are incorporated pursuant to the laws of Peru and it may not be possible for investors to enforce judgments obtained in Canada against Mr. Park or those subsidiaries.

There is some doubt as to the enforceability in the United States or Peru by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the United States may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the United States or Peru agrees to hear a claim, it may determine that the local law in the United States or Peru, as applicable, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

#### ***Ability of Company to Continue as a Going Concern***

The Company is in the exploration stage and is currently seeking additional capital to develop its exploration properties. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

### ***Negative Cash Flow from Operations***

Since its incorporation, the Company had negative cash flows from operating activities and expects to continue to have negative cash flows and the net proceeds from the Offering will be used to fund such negative cash flow from operating activities. The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

### ***Dividends***

The Company does not anticipate paying any dividends on the Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Any decision to declare and pay dividends in the future will be made at the discretion of the Company's board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Company's board of directors may deem relevant. As a result, investors may not receive any return on an investment in the Units unless they sell their shares of the Company for a price greater than that which such investors paid for them.

### **Risks Related to the Company's Operations in Peru**

#### ***Risks of Operations in Peru***

The Company plans to conduct exploration, development and production activity in Peru. There are uncertainties regarding capital control and future changes in applicable laws related to exploration, development and mining operations. The Company's future operations will be subject to the payment of government taxes, fees and duties. Holders of mineral concessions are obliged to pay to the Peruvian Government, a mining royalty, as consideration for the exploitation of metallic and non-metallic natural resources, which is calculated based on the quarterly sales revenues from metallic and non-metallic mineral resources at a minimum rate of 1% and up to 12%. In addition, an additional tax called the "Special Mining Tax" is payable to the Peruvian Government which imposes a tax on the operating profit of metallic resources at a tax rate that ranges between 2% to 8.4%. In some areas of Peru, the development of infrastructure projects and extractive industries have met with strong rejection from the local population. Such social conflict may lead to public demonstrations and blockades which could affect the Company's operations.

The Company is not able to determine the impact of other potential political and country risks on its future financial position nor its ability to meet future interest or principal payments, which include:

- cancellation or renegotiation of contracts;
- changes in foreign laws or regulations;
- changes in tax laws;
- royalty and tax increases or claims by governmental entities;
- retroactive tax or royalty claims;
- expropriation or nationalization of property;
- inflation of costs that is not compensated by a currency devaluation;
- high rates of inflation;
- restrictions on the ability of local operating companies to sell copper or other minerals offshore

- for U.S. dollars, and on the ability of companies to hold U.S. dollars or other foreign currencies;
- restrictions on the purchase of foreign currencies and on the remittance of dividend and interest payments offshore;
- limitations on the repatriations of earnings;
- import and export regulations;
- environmental controls and permitting;
- opposition from local community members or non-governmental organizations;
- civil strife, acts of war, guerrilla activities, insurrection and terrorism;
- unenforceability of contractual rights and judgements; and
- other risks arising out of foreign sovereignty over the areas in which the Company's operations are conducted.

Such risks could potentially arise in any country in which the Company operates. These risks may limit or disrupt operating mines or projects, restrict the movement of funds, cause the Company to have to expend more funds than previously expected or required, and may materially adversely affect the Company's financial position or results of operations. The Company may also evaluate business opportunities in other jurisdictions where such risks may exist. Furthermore, in the event of a dispute arising from such activities, the Company may be subject to the exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute. Furthermore, the introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company operates, could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted or applied in a manner that could result in the Company's profits being subject to additional taxation or that could otherwise have an adverse material effect on the Company

### ***Political Instability In Peru***

The principal mineral property interests of the Company are located in Peru. Regardless of Peru's progress in recent decades in restructuring its political institutions and revitalizing its economy, it has a history of political and economic instability under both democratically elected and dictatorial governments. The Company believes that political and social conditions in Peru are stable and conducive to conducting business; however, the Company's current and future mineral exploration, development and mining activities could be affected by adverse political, social or economic developments. Adverse developments might include: civil unrest and rebellion; the imposition of unfavourable government regulations on foreign investment, production and extraction, prices, exports, income taxes, currency convertibility, environmental compliance, or changes to worker safety legislation; the expropriation of property; or creeping expropriation of the economic value of property. Political issues and instabilities could impact the Company's licenses and permits, its mineral projects, including the Pucarini Project, and the Company's proposed and any future work programs. The timing of the Company's work programs may also be adversely affected as additional efforts may be required to accommodate those regulatory changes and additional business costs may be triggered. There continues to be a risk of future political instability not only within Peru but in the surrounding countries as well.

Peru, where the Company's mineral properties are located is considered by the Company to be a mining friendly country. However, any change of government may result in changes to government legislation and policy, which may include changes that impact the Company's ownership of and its ability to continue



exploration and, possibly, the development of its properties. Further, changes in the government may result in political and economic uncertainty, which may cause the Company to delay its exploration and, possibly, its development activities or they may decrease the willingness of investors to provide financing to the Company. Accordingly, changes in legislation and policy could result in increased costs to explore and develop the Company's projects and could require the Company to delay or suspend these activities.

#### *Economic Developments in Peru, Including Export Controls*

In the past few decades, the Peruvian economy has experienced some periods of extreme volatility including periods of low or negative growth and variable levels of inflation. The Peruvian economy grew by more than 4% per year during the period of 2002 to 2006. With renewed market enthusiasm for base metals, gold and silver, growth jumped to 5% per year in 2016 and 2017. The current growth is driven by higher world prices for minerals and metals and the Peruvian government's aggressive trade liberalization strategies, which were brought back after a five-year bear market in commodities from 2012 to 2017. Peru's rapid expansion is once again appearing with the renewed interest and optimism due to the recent upturn in commodity prices, though underemployment remains high. Inflation in 2016 was within the Central Banks 1-3% target range. Despite Peru's strong macroeconomic performance, overdependence on minerals and metals subjects the economy to fluctuations in global commodity prices.

Peru still has a stable exchange rate and low inflation; however, there is no guarantee of economic stability. As is the case in many other nations, should inflation rise and government popularity decrease, the economic situation in Peru could quickly deteriorate as it did during the period of 2007 to 2012.

#### ***Crime and Business Corruption Risk***

The Company may conduct business in regions which have experienced high levels of business corruption and other criminal activity. The Company is required to comply with applicable anti-bribery laws, including the *Canadian Corruption of Foreign Public Officials Act*, as well as local laws in all areas in which the Company does business including without limitation Peru Law No. 30424, which imposes criminal liability for local and foreign bribery, money laundering, terrorism financing and related crimes, and Legislative Decree No. 1385 which sanctions private corruption. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption. The failure of the government in Peru to continue to fight corruption or the perceived risk of corruption could have a material adverse effect on the local economies. Any allegations of corruption in Peru or evidence of money laundering could adversely affect Peru's ability to attract foreign investment and thus have an adverse effect on its economy which in turn could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. Moreover, findings against the Company, the directors, the officers or the employees of the Company, or their involvement in corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines, against the Company, the directors, the officers or the employees of the Company. Any government investigations or other allegations against the Company, the directors, the officers or the employees of the Company, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Company's reputation and its ability to do business and could materially adversely affect its financial condition and results of operations.

### ***Security Risks***

In recent years, criminal activity and violence has increased in Peru. As well, incidents of violent crime, kidnapping for ransom and extortion by organized crime have occurred. Many incidents of crime and violence go unreported and law enforcement authorities' efforts to reduce criminal activity are challenged by a lack of resources, corruption and the power of organized crime. The Company will regularly review the safety of access routes and the physical security of our properties. Notwithstanding these measures, incidents of criminal activity, trespass, theft and vandalism affect our employees, contractors and their families. Although the Company will have implemented measures to protect our employees, contractors and properties from these security risks, there can be no assurance that security incidents, in the future, will not have a material adverse effect on the Company's business, especially if criminal activity and violence continue to increase. Such incidents may halt or delay exploration activities, increase costs, result in harm to employees, contractors or visitors, decrease operational efficiency due to employee absenteeism and other factors, increase community tensions or otherwise adversely affect the Company's ability to conduct business.

### ***Guerrilla and Indigenous Activity***

Peru has a publicized history of security problems. Various guerrilla rebel organizations, including the Shining Path, have been active in Peru for some time and may be active unknowingly to the Company in the Company's operational areas. There can be no assurance that any such organizations are or will be in the future operating in the Company's operational areas.

In addition, blockades by indigenous groups have also caused disruptions to natural resource activities in Peru. Under Peruvian law, the government is required to undertake a prior consultation process with indigenous groups that may be affected by national or regional projects in order to ensure appropriate consideration is given to their interest in the land. Any disagreements between an indigenous group and the terms of an agreement that was entered into as a result of the prior consultation process must be resolved directly between the Peruvian government and the affected indigenous group. The Company may seek to enter into cooperation agreements with affected indigenous groups with the aim of protecting, respecting and strengthening traditional practices and preserving cultural heritage but there can be no assurance that such cooperation agreements will be entered into nor that such agreements will be on terms favourable to the Company that will not have a material adverse impact on the operations of the Company or its mineral projects.

### ***Nationalization of the Mining Industry***

As governments struggle with deficits and concerns over the effects of depressed economies, companies in the mining and metals sector continue to be targeted to raise government revenue. Governments are continually assessing the fiscal terms of the economic rent for mining companies to exploit resources in their countries. Peru has in the past introduced changes to its mining regimes that reflect increased government control or participation in the mining sector, and there can be no assurance that it will not do so again in the future. There can also be no assurance that industries deemed of national or strategic importance like mineral production will not be nationalized. The Company's assets may be subject to nationalization, expropriation or confiscation, whether legitimate or not, by any authority or body. While there are often provisions for compensation and reimbursement of losses to investors under such circumstances, there is no assurance that such provisions would effectively restore the value of the Company's original investment or that such restoration would occur within a reasonable timeframe.

There also can be no assurance that the laws in Peru protecting foreign investments will not be amended or abolished or that these existing laws will be enforced or interpreted to provide adequate protection against any or all of the risks. Furthermore, there can be no assurance that any agreement in place between the government and the Company will prove enforceable or provide adequate protection against any or all of the risks.

### ***Local Residents and Non-Governmental Organizations***

Inequitable economic development in countries like Peru has resulted in an increase in community activism and expectations by local governments for resource companies to increase their contributions to local communities. There is an increased perception that resource companies have been taking an unfairly rich benefit from the countries' natural resources, while causing significant environmental damage. The Company may experience discontent from various community groups and face increased scrutiny of its mining operations. Community groups in Peru have staged protests and roadblocks at other mining operations in the past. There can be no assurance that the Company's operations will not be disrupted by civil action or be subject to restrictions or imposed demands that will impact future cash flows, earnings, results of operation, financial condition, and reputation.

### ***Regulatory Requirements in Peru***

The proposed or future activities of the Company will require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land and water use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on the Company's mineral projects.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in development and production operations may be required to compensate those suffering loss or damage by reason of the development and production activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures and development costs or require abandonment or delays in the development of the Company's mineral projects.

The Company may encounter regulatory and/or permitting delays. The Company will utilize its best efforts to ensure timely application for any government permits necessary for carrying out its operations in Peru. However, its past ability to obtain all necessary permits in a timely fashion is not a guarantee of future results as events like bureaucracy and minor changes in legislation that are beyond the Company's control could substantially impede the timing of receiving essential permits and delay or stall the Company's exploration efforts.

### ***Variations in Foreign Exchange Rates and Interest Rates***

Currency fluctuations may materially affect the financial position and results of the Company. The Company's earnings and cash flow may also be affected by fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Peruvian Sol and the Canadian dollar. World copper and gold prices are quoted in United States dollars and the price received by Canadian and Peruvian producers is therefore affected by the Canadian/United States and Peruvian/United States dollar exchange rates, which will fluctuate over time. Future Canadian/United States and Peruvian/United States exchange rates could accordingly impact the future value of the Company's resources as determined by independent evaluators. There are currently no restrictions on the ability of a company operating in Peru to transfer foreign currency to or from Peru or to convert Peruvian currency into foreign currency, but there are assurances that laws regarding movement of currency or other exchange controls will not change in the future.

### **Risks Related to the Business of the Company**

#### ***Mineral exploration is speculative and uncertain and involves a high degree of risk***

The exploration for, and development of, mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

All of the properties in which the Company has an interest are without any mineral resources or mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and

consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

### ***Title to Mineral Properties***

While the Company has performed its own due diligence with respect to the validity of the mineral claims comprising its mineral properties and has or will receive title opinions on all of its mineral projects, this should not be construed as a guarantee of title. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of the applicable claims that are included in the Company's projects, including the Pucarini Project or that such claims will not be challenged or impugned by third parties.

The Company's projects may be subject to prior unregistered agreements of transfer or indigenous land claims, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title of the Company's projects and any other mining or property interests derived from or in replacement or conversion of or in connection with the claims comprising the Company's mineral projects or the size of the area to which such claims and interests pertain.

### ***Infrastructure***

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Company's mineral projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of any of the Company's mineral projects will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations.

### ***Mineral Resources and Reserves***

There is no NI 43-101 compliant mineral resource or mineral reserve on any of the Company's mineral projects. There can be no assurances that an NI 43-101 compliant mineral resource or mineral reserve will ever be identified at any of the Company's mineral projects

Because the Company has not defined or delineated any proven or probable mineral reserves on any of its properties, any future mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling

results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

### ***Fluctuating Price of Metals***

Future production, if any, from the Company's mineral properties will be dependent upon the prices of gold, copper and other metals being adequate to make these properties economic. Materially adverse fluctuations in the price of such minerals and metals may adversely affect the Company's financial performance and results of operations. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant mineral producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in the value of the commodity held, and/or revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from streams, royalties or interests in mineral properties applicable to the relevant commodities. There is no assurance that, even if commercial quantities of cobalt are produced, a profitable market will exist for them.

### ***Competitive Risks***

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, some of which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Company can compete effectively with these companies.

### ***Reliance on Third Parties***

The Company may acquire additional rights to acquire an interest in certain resource properties that may have been granted by third parties who themselves hold only a lease, an option, or an application for rights pending before the Peruvian MEM to acquire such properties. If such persons fail to fulfill their obligations, the Company could lose its interest in the property and may have no meaningful recourse, as it may not have any direct contractual arrangements with the underlying property holders. Where the Company's interests in resource properties are managed or operated by third parties, the Company's interests may be adversely affected in the event such third parties mismanage the operations being carried out on such properties.

### ***Environmental Risks***

All phases of the Company's operations will be subject to environmental regulation in Peru. Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. In addition, environmental hazards may exist on any of the Company's mineral projects which are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators

of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company's operations and future potential profitability.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Company may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Company's financial resources.

### ***Challenges to Title***

Although title to its properties has been reviewed by or on behalf of the Company, no guarantees can be given that there are no title defects affecting the Company's properties. Mineral claims held by the Company are delimited by UTM coordinates that are officially registered in the Mining Cadastre of the Peruvian Government and are registered in the Peruvian Property Register Office. Title insurance generally is not available for mining claims in Peru, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties may be constrained. Accordingly, the Company's mineral claims may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to conduct work on the properties as permitted or to enforce its rights with respect to its properties.

### ***License and Permits***

In the ordinary course of business, the Company will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at any of its mineral projects. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

### ***Uninsured risks***

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **COVID-19**

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics, pandemics or other health crises, including the outbreak of COVID-19, which was declared a global pandemic by the World Health Organization on March 12, 2020, and the recent evolution of COVID-19 variants of concern.

The Government of Peru declared a national state of emergency on March 15, 2020 in relation to the COVID-19 outbreak, which has been continuously extended, most recently on July 12, 2021 with the health emergency order expected to remain in place until at least September 2, 2021. On January 26, 2021, the Peruvian government announced heightened restrictions in order to help mitigate the spread of COVID-19. Under these new measures, all provinces of Peru are categorized as High, Very High, or Extreme, with corresponding levels of restrictions, including daily curfews and restrictions on international and domestic travel. Parts of Lima and Puno, are currently classified as High. Under these restrictions, a curfew is imposed from 12:00 AM to 4:00 AM and private vehicles are prohibited on Sundays. Additionally, interprovincial air and land travel providers must operate at reduced capacity.

Actions taken globally in response to COVID-19 have significantly interrupted international business activities and contributed to significant volatility in the financial markets. The Company is monitoring the situation and has implemented safety measures to deal with the COVID-19 pandemic.

The risks to the Company's business associated with COVID-19 include, without limitation, risks related to breach of material contracts, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, prolonged restrictive measures put in place in order to control the pandemic and future outbreaks or other adverse public health developments globally and other factors that will depend on developments beyond the Company's control, which may have a material and adverse effect on the Company's business, financial condition and results of operations. In addition, COVID-19 may have a significant impact on the preparation of the Company's interim and annual financial statements, as well as other continuous disclosure obligations. Due to different quarantine measures that have been and may to be imposed, it may be challenging for the Company to complete going concern assessments, evaluations of subsequent events, impairments of financial and non-financial assets, as well as prepare financial statements and management discussion and analyses.

The overall severity and duration of COVID-19-related adverse impacts on the Company's business will also depend on future developments, which the Company cannot predict, including directives of governments and health authorities, the status of labour availability and the Company's ability to staff its operations. Even after the COVID-19 outbreak has subsided, the Company may continue to experience



negative impacts on its business as a result of the economic impact of COVID-19, including any related economic recession, and potential lingering impacts on the Company's operations. As at the date of this Prospectus, it is unknown how the Company may be affected if the COVID-19 pandemic persists for an extended period of time.

The Company continues to closely monitor the changing conditions of the COVID-19 crisis and follows the advice and guidelines of provincial and federal health professionals and government officials in Canada and Peru, as well as industry-wide best practices. At present, the extent to which COVID-19 and its emerging variants of concern will continue to, or may, impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Public health crises, including but not limited to COVID-19, can result in volatility and disruptions in the supply and demand for metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations affected by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. These disruptions may severely impact the Company's ability to carry out its business plans for 2021-2022 in accordance with the "Use of Proceeds" section above..

#### ***Adverse General Economic Conditions***

The unprecedented events in global financial markets in the past several years, including in relation to the COVID-19 pandemic have had a profound impact on the global economy. Many industries, including the mineral resource industry, were impacted by and continue to be impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's operations.

Adverse capital market conditions could continue to affect the Company's ability to meet its liquidity needs, as well as its access to capital and cost of capital. The Company needs additional funding to continue development of its internal pipeline and collaborations. The Company's results of operations, financial condition, cash flows and capital position could be materially affected by continued disruptions in the capital markets.

#### ***Supply Chain Interruptions***

Due to limited suppliers of equipment, materials, supplies and services available in Peru, any disruption at supplier facilities could result in curtailment or suspension of activities. Any disruption in the transportation of or restriction in the flow of goods or the imposition of customs clearance requirements may result in production delays.

The Company is also exposed to price volatility in respect of key inputs, such as fuel. Increases in global fuel prices can materially increase operating costs, erode operating margins and project investment

returns, and potentially reduce viable reserves. Conversely, a significant and sustained decline in world oil prices may offset other costs and improve returns

### ***Option over the Don Gregorio Project***

The Company's right to maintain and exercise its interest in the Don Gregorio Project will be dependent upon its compliance with the Don Gregorio Option Agreement. Payments made by the Company pursuant to the Don Gregorio Option Agreement must be made and minimum exploration commitments must be completed in order to maintain its interest in the Don Gregorio Project. There can be no assurance that the Company will be able to comply with such provisions or other provisions of the Don Gregorio Option Agreement. If the Company is unable to fulfil the requirements of the Don Gregorio Option Agreement, the Company may be in default of such agreement and the Don Gregorio Option Agreement could be terminated resulting in the loss of all rights in the Don Gregorio Project, and the loss of all payments made and expenditures incurred pursuant to the Don Gregorio Option Agreement up to the date of termination. Additional funding will be required to fund the exploration commitments on the Don Gregorio Project. There is no assurance that such funds will be available. Failure to obtain adequate financing on a timely basis could result in the loss of the Company's right to maintain its interest in the Don Gregorio Project.

### ***Risks of Foreign Operations***

The Company's activities may be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Company's operations in Peru, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's development activities in Peru could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company may in the future acquire resource properties and operations outside of Peru and Canada, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company

### ***Limited Operating History and Lack of Profits***

The Company is an early-stage exploration company with a limited operating history. The likelihood of success of the Company's business plan must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with developing and expanding early-stage businesses and the regulatory and competitive environment in which the Company operates.

The Company has no history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of

additional properties, government regulatory processes and other factors, many of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

### ***Reliance on Personnel***

If the Company is not successful in attracting and retaining highly qualified personnel, the Company may not be able to successfully implement its business strategy.

The Company will be dependent on a number of key management personnel, including the services of certain key consultants. The Company's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Company's ability to manage and expand the business. In addition, the Company's ability to keep essential operating staff in place may also be challenged as a result of potential COVID-19 outbreaks or quarantines. The Company does not maintain key person insurance in respect of its key management personnel.

### ***Holding Company***

The Company is a holding company and essentially all of its assets are the capital stock of its material subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and investments and the distribution of those earnings to Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

### ***Conflicts of Interest***

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including resources companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the proposed management of the Company's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Company and a proposed director or officer of the Company except as otherwise disclosed herein.

## PROMOTERS

Except as disclosed below, the Company has no promoters other than its directors and officers. See “*Directors and Officers*” for information concerning the number of Shares held by the directors and officers and their experience. No assets have been acquired or are to be acquired by the Company from the directors and officers. Other than as described in this Prospectus, no promoter of the Company has received or will receive anything of value, including money, property, contracts, options or rights of any kind from the Company in respect of acting as a promoter of the Company. Please see “*Executive Compensation*” for additional information concerning compensation paid to directors and to Named Executive Officers.

Mr. Patrick Elliott considered to be a promoter within the meaning of the *Securities Act* (British Columbia) for his roles in substantially founding and organizing the Company. The Company has not acquired any assets from or entered into contractual relations with Mr. Elliott, except for subscription agreements for securities entered into with the Company, executive compensation, or in relation to reimbursement of expenses, and except with respect to the loan from the Company to Mr. Elliott described in this Prospectus under *Description of the Business, Three Year History, Loans to Management Team*. The Company has entered into a consulting services agreement with Mr. Elliott for the provision of his services as the Company’s Chief Executive Officer pursuant to which Mr. Elliott receives consulting fees of \$8,000 per month. Mr. Elliott is also the VP Corporate Development of GlobeTrotters and holds, directly and indirectly, 750,000 common shares of GlobeTrotters, representing 1.9% of its issued and outstanding shares.

Mr. Elliott has acquired, directly and indirectly, 830,001 Shares pursuant to subscription agreements, of which 180,000 Shares were acquired at a price of \$0.15 per Share, 66,667 Shares were acquired at a price of \$0.30 per Share, 16,667 Shares were acquired at a price of \$0.75 per Share and 566,667 Shares were acquired at a price of \$0.12 per Share. In addition, Mr. Elliott acquired 231,000 Shares pursuant to a debt settlement agreement for accrued but unpaid services at a price of \$0.15 per Share. Mr. Elliott holds an aggregate of 1,061,001 Shares, which Shares represent 3.91% of the issued and outstanding Shares as at the date of this Prospectus. Mr. Elliott also holds, directly and indirectly, warrants to acquire a further 333,333 Shares at a price of \$0.20 per Share, of which 158,333 warrants expire July 17, 2023 and 250,000 warrants expire August 10, 2023. Mr. Elliott also holds 600,000 Options to acquire 600,000 Shares at a price of \$0.12 per Share until July 31, 2025 governed pursuant to the Stock Option Plan. On partially diluted basis, assuming the exercise of all warrants and Options held, directly or indirectly, by him, Mr. Elliott would hold 7.52% of the outstanding Shares, prior to the completion of the Offering.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### Legal Proceedings

There are no legal proceedings that the Company is or was a party to, or to its knowledge that any of its property interests is or was the subject of, and no such legal proceedings are known by the Company to be contemplated.

### Regulatory Actions

There are no penalties or sanctions imposed against the Company by a court or a regulatory authority and the Company has not entered into any settlement agreements before a court or with a securities regulatory authority.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers hold Shares, warrants and will be granted options to purchase Shares. See “*Directors and Officers*”, “*Options to Purchase Securities*” and “*Executive Compensation*”.

Save and except for their interest in the subscription for treasury shares and consulting arrangements as disclosed in “*Executive Compensation*” as described below, the directors, officers and principal shareholders of the Company, or any associate or affiliate of the foregoing, have had no material interest, direct or indirect, in any transactions in which the Company has participated within the three year period prior to the date of this Prospectus, or will have any material interest in any proposed transaction, which has materially affected or will material affect the Company.

On July 27, 2020, pursuant to a share purchase agreement between the Company and GlobeTrotters, the Company acquired 99% of the shares of Amaru and Cordillera, which hold the Esperanza Project and the Pucarini Project, respectively, for \$750,000, of which \$150,000 was paid in cash and the balance of which was paid by the issuance of 5,000,000 Shares. GlobeTrotters, through its subsidiary GlobeTrotters Resources Peru S.A.C., retained a 1% net smelter royalty on each of the Esperanza Project and the Pucarini Project granted by Amaru and Cordillera respectively, pursuant to royalty agreements between them dated August 14, 2020. The remaining 0.1% of Amaru and Cordillera is held by Manuel Montoya, a director of Amaru, Cordillera and Forte Cobre, as well as the VP Exploration of GlobeTrotters, pursuant to bare trust and agent agreements with the Company. Patrick Elliott, the CEO and a director of the Company, is and was at the time the share purchase agreement was executed, an officer of GlobeTrotters. Richard Osmond, a director of the Company, is the CEO and a director of GlobeTrotters, but joined the Board of the Company in 2021. Patrick Elliott had a material interest in the transactions described above by virtue of his positions as an officer and director of the Company and as a shareholder and officer of GlobeTrotters, and he abstained from voting as a director of the Company to approve the acquisitions of Amaru and Cordillera.

Certain officers and directors of the Company are also officers and directors of other exploration companies. See “*Risk Factors – Conflicts of Interest*”

## RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT

David Elliott, a director of Haywood and the father of Patrick Elliott, the CEO and a director of the Company, is also a director of GlobeTrotters. GlobeTrotters is considered an “influential securityholder” of the Company (as such term is defined in NI 33-105). Consequently, the Company may be considered a “connected issuer” of Haywood (as such term is defined in NI 33-105) in connection with the Offering. The decision to complete the Offering and the determination of the terms of the Offering have been made through negotiations between the Company and Haywood. Except for the Agent’s Commission, the Agent’s Warrants, the Corporate Finance Fee, the Corporate Finance Units and the reasonable fees and expenses of the Agents payable by the Company in accordance with the Agency Agreement, the proceeds of the Offering will not be applied for the benefit of Haywood.

The directors, officers and employees of Haywood (together, the Haywood Progroup”) hold an aggregate 2,166,665 shares of the Company or 7.98% of the Company’s current issued share capital. The Haywood Progroup hold an aggregate 7,442,333 shares of Globetrotters or 19.41% of Globetrotters’ issued share capital. Haywood has previously entered into finder’s fees agreements with the Company for various non-brokered financings where Haywood has received a fee for subscriptions from purchasers introduced by Haywood.

## AUDITOR, REGISTRAR AND TRANSFER AGENT

The auditor of the Company is Crowe MacKay LLP, Chartered Accountants, Suite 1100-1177 West Hastings Street, Vancouver, British Columbia, V6E 4T5. The registrar and transfer agent of the Shares of the Company and the Warrant Agent in respect of the Warrants is Odyssey Trust Company., 323 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

## MATERIAL CONTRACTS

The following are the material contracts of the Company or its affiliates entered into since its incorporation:

- (a) Registrar and Transfer Agency Agreement dated May 22, 2021 among the Company and the Transfer Agent;
- (b) Escrow Agreement dated July 26, 2021 among the Company, the Escrow Agent and certain shareholders of the Company. See *“Escrowed Securities”*.
- (c) Agency Agreement dated [REDACTED] among the Company and the Agent. See *“Plan of Distribution”*.
- (d) Warrant Indenture to be entered into on the Closing Date among the Company and the Warrant Agent. See *“Plan of Distribution”*.
- (e) Share purchase agreement among the Company and GlobeTrotters dated July 27, 2020 for the acquisition of Amaru and Cordillera. See *“Description of the Business – Three Year History”*.
- (f) Royalty agreement among Cordillera and Globetrotters Resources Peru S.A.C. dated August 14, 2020 granting a 1% net smelter returns royalty on the Pucarini Project. See *“Description of the Business – Three Year History”*.

The material contracts described above may be inspected at the offices of Armstrong Simpson, Suite 2080, 777 Hornby Street, Vancouver, British Columbia during normal business hours during the period of the primary distribution of the Shares being distributed under this prospectus and for a period of thirty days thereafter.

## EXPERTS

### Experts

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the Prospectus as having prepared or certified a part of that document, report, statement or opinion described in the Prospectus:

- (1) The information in this Prospectus under the headings *“Summary of Prospectus – Eligibility for Investment”* and *“Eligibility for Investment”* has been included in reliance of the opinion of S. Paul Simpson Law Corporation, counsel to the Company;

- (2) The information in this Prospectus at "*Pucarini Project*" has been derived from the Pucarini Report, the authors of which are Derrick Strickland, P. Geo and Steven Park, CPG, who are independent qualified persons under NI 43-101; and
- (3) The audited financial statements of the Company and of Cordillera included with this Prospectus have been subject to audit by Crowe MacKay LLP, and their auditor's reports are included therein.

Based on information provided by the relevant persons in paragraphs 1, 2 and 3 above, none of such persons or companies have received or will receive direct or indirect interests in the assets of the Company or have any beneficial ownership, direct or indirect, of securities of the Company.

Crowe MacKay LLP, the Company's and Cordillera's auditors, report that they are independent of the Company in accordance with the Professional Rules of Conduct of the Chartered Professional Accountants of British Columbia.

#### **OTHER MATERIAL FACTS**

To management's knowledge, there are no other material facts relating to the securities being distributed that are not otherwise disclosed in this prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the Company and securities being distributed.

#### **PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in the Offering Jurisdictions, provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt, or deemed receipt, of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, or revisions of the price or damages, are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

#### **LIST OF EXEMPTIONS**

The Company has not applied for or received any exemption from National Instrument 41-101, "General Prospectus Requirements", regarding this Prospectus or the distribution of its securities under this Prospectus.

#### **LEGAL MATTERS**

Certain legal matters in connection with this Offering will be passed upon by S. Paul Simson Law Corporation, on behalf of the Company, and by Getz Prince Wells LLP, on behalf of the Agent. As at the date hereof, the partners and associates of S. Paul Simpson Law Corporation, as a group, and the partners and associates of Getz Prince Wells LLP, as a group, each beneficially own, directly or indirectly, less than one percent of the outstanding Shares of the Company.

## FINANCIAL STATEMENTS

Attached to and forming a part of this Prospectus are:

- (a) the audited financial statements of the Company for the financial years ended December 31, 2020 and December 31, 2019, attached as Schedule “A”;
- (b) the unaudited consolidated interim financial statements of the Company for the three and six months ended June 30, 2021, attached as Schedule “B”; and
- (c) management’s discussion and analysis of the Company for the year ended December 31, 2020 and the six months ended June 30, 2021, attached as Schedule “C”.
- (d) audited financial statements of Cordillera for the six months ended June 30, 2020 and unaudited financial statements of Cordillera for the year ended December 31, 2019, attached as Schedule “D”;
- (e) management’s discussion and analysis of Cordillera for the year ended December 31, 2019 and the six months ended June 30, 2021, attached as Schedule “E”

## SIGNIFICANT ACQUISITIONS

The Company has not completed any significant acquisitions, as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* since incorporation other than the acquisition of Cordillera from GlobeTrotters on July 27, 2020 as described above at *“Three Year History - Acquisition of Pucarini Project and Esperanza Project”*. The Company acquired Cordillera under a share purchase agreement dated July 27, 2020 pursuant to which the Company acquired 99.9% of the issued and outstanding shares of both Amaru and Cordillera for aggregate consideration of \$750,000, of which \$150,000 was paid in cash and the balance of which was paid by the issuance of 5,000,000 Shares. As the Company was not a reporting issuer at the time of the acquisition, no business acquisition report was filed by the Company. This Prospectus includes the audited financial statements of Cordillera for the six months ended June 30, 2020 and the unaudited financial statements of Cordillera for the year ended December 31 2019, attached as Schedule “D”, being the periods preceding the acquisition by the Company, following which the operations of Cordillera are consolidated into the financial statements of the Company. MD&A of Cordillera for the six months ended June 30, 2020 and year ended December 31, 2019 are attached to this Prospectus at Schedule “E”..



**SCHEDULE "A" – AUDITED FINANCIAL STATEMENTS OF THE COMPANY**

**Audited Consolidated Financial Statements for the year ended December 31, 2020 and the  
year ended December 31, 2019**

**FORTE MINERALS CORP.**

**(formerly Forte Copper Corp.)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in Canadian Dollars)**

**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

## Independent Auditor's Report

To the Directors of Forte Minerals Corp.

### Opinion

We have audited the consolidated financial statements of Forte Minerals Corp. ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada  
May 5, 2021**

**FORTE MINERALS CORP.**  
(formerly Forte Copper Corp.)  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)  
**AS AT DECEMBER 31**

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	2020	2019
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 777,359	\$ 201,017
Accounts receivable	24,813	1,194
Prepaid expenses	3,000	-
Interest receivable (Note 5)	940	-
	<u>806,112</u>	<u>202,211</u>
<b>Notes receivable</b> (Note 5)	120,000	-
<b>Exploration and evaluation asset</b> (Note 7)	<u>948,798</u>	<u>126,510</u>
<b>Total assets</b>	<u>\$ 1,874,910</u>	<u>\$ 328,721</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 128,536	\$ 37,880
Loans payable (Note 6)	<u>18,920</u>	<u>19,278</u>
	147,456	57,158
<b>Shareholders' equity</b>		
Share capital (Note 8)	4,241,350	2,243,760
Accumulated other comprehensive loss	(14,442)	(610)
Reserves	323,406	-
Deficit	<u>(2,822,860)</u>	<u>(1,971,587)</u>
	<u>1,727,454</u>	<u>271,563</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,874,910</u>	<u>\$ 328,721</u>

Nature and continuance of operations (Note 1)  
Subsequent events (Notes 4 and 13)

Approved and authorized by the Board on May 5, 2021.

*“Patrick Elliott”*

Director

*“Douglas Turnbull”*

Director

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

**FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

**FOR THE YEARS ENDED DECEMBER 31**

	2020	2019
<b>EXPENSES</b>		
Consulting (Note 9)	\$ 25,750	\$ -
Exploration and evaluation expenditures (Note 7)	321,798	10,976
Foreign exchange	(4,029)	(550)
Investor relations	9,300	4,170
Management fees (Note 9)	78,000	52,095
Marketing	10,754	4,000
Office and administration	14,603	5,387
Professional fees	93,072	25,637
Share-based compensation (Notes 8 (d) and 9)	323,406	-
Travel	4,559	15,044
<b>Total expenses</b>	<b>(877,213)</b>	<b>(116,759)</b>
<b>Other income</b>		
Recovery of transaction costs (Note 4)	25,000	-
Loan forgiven (Note 6)	-	27,331
Interest income	940	-
<b>Net loss</b>	<b>(851,273)</b>	<b>(89,428)</b>
<b>Other comprehensive income (loss)</b>		
Foreign exchange on translation	(13,832)	(610)
<b>Comprehensive loss for the year</b>	<b>\$ (865,105)</b>	<b>\$ (90,038)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.05)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>17,532,521</b>	<b>9,851,401</b>

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

**FORTE MINERALS CORP.**  
(formerly Forte Copper Corp.)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in Canadian Dollars)  
**FOR THE YEARS ENDED DECEMBER 31**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (851,273)	\$ (89,428)
Item not involving the use of cash:		
Loan forgiveness	-	(27,331)
Share-based payments	323,406	-
Unrealized foreign exchange	(358)	(916)
Changes in non-cash working capital items:		
Accounts receivable	(20,628)	393
Accounts payable and accrued liabilities	90,205	12,688
Accrued interest income	(940)	-
Prepaid expenses	(3,000)	-
Net cash used in operating activities	<u>(462,588)</u>	<u>(104,594)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash from acquisition of subsidiaries	14,914	-
Cash paid to acquire subsidiaries	(150,000)	-
Funds to subsidiaries prior to acquisition	(89,514)	-
Net cash used in investing activities	<u>(224,600)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	1,353,262	-
Share issue costs paid	(75,672)	-
Loan funds	-	-
Net cash provided by financing activities	<u>1,277,590</u>	<u>-</u>
<b>Effect of foreign exchange on cash</b>	<u>(14,060)</u>	<u>(610)</u>
<b>Change in cash for the year</b>	576,342	(105,204)
<b>Cash, beginning of year</b>	<u>201,017</u>	<u>306,221</u>
<b>Cash, end of year</b>	<u>\$ 777,359</u>	<u>\$ 201,017</u>
<b>Supplemental cash flow information:</b>		
Non-cash investing and financing transactions:		
Shares issued for mineral property	\$ 600,000	\$ -
Shares issued for promissory notes	\$ 120,000	\$ -

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

**FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>				
<b>Balance, December 31, 2018</b>	9,851,401	\$ 2,243,760	\$ -	\$ -	\$ (1,882,159)	\$ 361,601
Comprehensive loss for the year	-	-	(610)	-	(89,428)	(90,038)
<b>Balance, December 31, 2019</b>	9,851,401	2,243,760	(610)	-	(1,971,587)	271,563
Private placement	11,277,186	1,353,262	-	-	-	1,353,262
Share issue costs	-	(75,672)	-	-	-	(75,672)
Share-based compensation	-	-	-	323,406	-	323,406
Shares issued for acquisition of subsidiaries	5,000,000	600,000	-	-	-	600,000
Shares issued on promissory notes	1,000,000	120,000	-	-	-	120,000
Comprehensive loss for the year	-	-	(13,832)	-	(851,273)	(865,105)
<b>Balance, December 31, 2020</b>	27,128,587	\$ 4,241,350	\$ (14,442)	\$ 323,406	\$ (2,822,860)	\$ 1,727,454

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



# **FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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## **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 300 – 1055 West Hastings Street, Vancouver, British Columbia, Canada V6E 2E9.

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a working capital of \$658,656 as at December 31, 2020. The Company reported a net loss of \$851,273 and had an accumulated deficit of \$2,822,860 as at December 31, 2020. 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 financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

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

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

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

### **Basis of consolidation and presentation**

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

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”).

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.

## **FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

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

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

#### **Use of judgments and estimates**

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

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

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

- **Functional currency**

The functional currency of the Company and its subsidiary is the currency of their respective primary economic environment. Judgement is necessary in evaluating each entity's functional currency (Note 3).

- **Going concern**

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

- **Deferred income tax**

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

- **Acquisitions**

The acquisitions in Note 7 required management to make a judgment as to whether the entities constituted a business under the definitions of IFRS 3. The assessment required management to assess the inputs, processes and ability of those entities to produce outputs at the time of acquisition. Pursuant to the assessment, the acquisition of the entities was considered an asset acquisition.

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

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

- Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services for share-based payments made to those other than employees or others providing similar services.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted for share-based payments made to employees or others providing similar services. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option or warrant, volatility and dividend yield and making assumptions about them.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Currency translation**

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

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

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

#### **Cash equivalents**

Cash comprises cash holdings in a business account held at a major financial institution which are available on demand by the Company. As at December 31, 2020 and 2019, the Company does not hold any cash equivalents.

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### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

#### **Exploration and evaluation**

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

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

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

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### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

#### **Financial instruments (cont'd...)**

##### Financial assets (cont'd...)

###### *Amortized cost*

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

###### *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. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

##### Financial liabilities

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

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

##### Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

#### **Financing costs**

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

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### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

#### **Loss per share**

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

#### **Income taxes**

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

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

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

#### **Provisions**

Provisions are recorded when a present legal 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, up to the assessed fair value. The remainder is allocated to the attached warrant.

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### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

#### **Shared-based payments**

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

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

#### **New standards adopted**

IFRS 3 – Business Combinations: The amendments to IFRS 3 assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the forms of lower costs and other economic benefits. These amendments are effective for reporting periods beginning on or after January 1, 2020.

The acquisition of Amaru and Cordillera required management to make a judgment as to whether they constituted a business combination or an asset acquisition under the definitions of IFRS 3. The assessment required management to assess the inputs, processes and ability of Amaru and Cordillera to produce outputs at the time of acquisition. Pursuant to the assessment, Amaru and Cordillera was considered an asset acquisition (Note 7).

#### **New standards not yet adopted**

IAS 1 – Presentation of Financial Statements: The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual agreement in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

### **4. LETTER OF INTENT**

On August 13, 2020, and amended August 18, 2020, November 13, 2020 and January 13, 2021, the Company entered into a binding letter of intent (the “LOI”) with Collingwood Resources Corp. (“Collingwood”), which outlined the terms and conditions pursuant to which Collingwood and Forte agreed to complete a transaction that would result in a reverse take-over of Collingwood by the shareholders of Forte (the “Transaction”). Pursuant to the LOI, Collingwood and Forte would effect the Transaction by the way of an arrangement, amalgamation, share exchange or similar transaction whereby the holders of common shares of Forte (“Forte Shares”) will exchange their respective shares in consideration for common shares of Collingwood (“Common Shares”) on the basis of one Forte Share for every one Common Share.

In connection with signing the LOI, Collingwood has advanced \$25,000 to Forte, as a non-refundable deposit. Subsequent to December 31, 2020, the LOI was terminated.

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On August 10, 2020, the Company received four (4) promissory notes ("Promissory Notes"), including one from the CEO. The Promissory Notes were provided as security against the purchase of 1,000,000 units ("Units") at \$0.12 per share for a total principal amount of \$120,000 and mature on July 10, 2023 ("Maturity Date"). Each unit is comprised of one common share and one-half purchase warrant. Each warrant entitles the holder to purchase a further common share at a price of \$0.20 per share until August 10, 2023. The interest on the principal amount is at a rate of 2.00% per annum. The Promissory Notes are secured by the Units which are held in trust.

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

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

- (1) After the first anniversary date of the promissory note July 10, 2021, but before the second anniversary date of the promissory note on July 10, 2022, the Payor shall have the right to prepay up to a maximum aggregate amount of \$15,000 towards the principal amount owing under the promissory note.
- (2) From and after the second anniversary date of the promissory note on July 10, 2022, but before the third anniversary date of the promissory note on July 10, 2023, the Payor shall have the right to prepay up to a maximum aggregate amount of \$15,000 towards the principal amount owing under the promissory note.

	2020	2019
Balance, beginning of year	\$ -	\$ -
Funds advanced	120,000	-
Interest accrued	940	-
Balance, end of year	\$ 120,940	\$ -

**6. LOANS PAYABLE**

Loans payable	
Balance, December 31, 2018	\$ 47,525
Forgiven	(27,331)
Foreign exchange	(916)
Balance, December 31, 2019	19,278
Foreign exchange	(358)
Balance, December 31, 2020	\$ 18,920

The amounts are non-interest bearing and unsecured. Loans totaling \$13,514 were payable upon the close of a private placement at \$0.05 per share. Loans totaling \$5,406 is payable upon the Company listing on a stock exchange or acquisition by a reporting issuer. During the year ended December 31, 2019, the director of the Company forgave loans outstanding.



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### **7. EXPLORATION AND EVALUATION ASSETS**

#### **Mineral property titles**

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

#### **Don Gregorio, Peru**

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

- a) Make payments as follows:
  - a. US\$100,000 on or before 30 days of receipt of a drilling permit (“First Drill Permit”);
  - b. US\$100,000 within 30 days of completed a first phase drill program (“First Phase Drill Program”); and
  - c. US\$200,000 within 60 days of completed a second phase drill program (“Second Phase Drill Program”).
- b) Carry out the First Phase Drill Program of 5,000 meters upon the issuance of the First Drill Permit, which First Phase Drill Program shall be completed within two years of the First Drill Permit, or in lieu of completing the First Phase Drill Program, the Company may elect to pay to Candente US\$100 per meter for each of the 5,000 meters not drilled as part of the First Phase Drill Program, up to a maximum amount of US\$500,000, and such payment shall be made prior to the second anniversary of the First Drill Permit.
- c) Carry out the Second Drill Program of a further 5,000 meters prior to the earlier of the third anniversary of the First Drill Permit and the first anniversary of a permit received to complete the Second Drill Program.

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

#### **Esperanza and Pucarini, Peru**

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

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

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

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

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

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The acquisitions were allocated as follows:

	Amaru, Peru	Cordillera, Peru
<b>Consideration paid</b>		
Cash	\$ 75,000	\$ 75,000
Shares	<u>300,000</u>	<u>300,000</u>
<b>Total consideration paid</b>	<b>\$ 375,000</b>	<b>\$ 375,000</b>

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

**Mineral Property Interests**

Details of mineral property balances are as follows:

	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
<b>Balance, December 31, 2018 and 2019</b>	\$ -	\$ -	\$ 126,510	\$ 126,510
Additions	<u>374,606</u>	<u>447,682</u>	<u>-</u>	<u>822,288</u>
<b>Balance, December 31, 2020</b>	<b>\$ 374,606</b>	<b>\$ 447,682</b>	<b>\$ 126,510</b>	<b>\$ 948,798</b>

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The Company expended the following exploration and evaluation expenditures:

	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Property fee	\$ -	\$ -	\$ 10,976	\$ 10,976
<b>Total, December 31, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,976</b>	<b>\$ 10,976</b>
Assay	\$ -	\$ 6,574	\$ -	\$ 6,574
Camp accommodations and travel	-	14,827	-	14,827
Community relations	20,675	26,135	-	46,810
Field office	795	63,130	5,362	69,287
Geological	688	143,052	6,376	150,116
Property fee	-	-	34,435	34,435
Recoveries	(251)	-	-	(251)
<b>Total, December 31, 2020</b>	<b>\$ 21,907</b>	<b>\$ 253,718</b>	<b>\$ 46,173</b>	<b>\$ 321,798</b>

**8. SHARE CAPITAL**

## a) Authorized share capital

Unlimited number of common shares without par value.

## b) Issued share capital

*Year ended December 31, 2020*

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

On July 27, 2020, the Company issued 5,000,000 common shares at 0.12 per share for a value of \$600,000 to acquire subsidiaries from Globetrotters (Note 7).

On August 10, 2020, the Company issued a total of 1,000,000 units at \$0.12 per share for a value of \$120,000 (Note 5). Each unit is comprised of one common share and one-half purchase warrant. Each warrant entitles the holder to purchase a further common share at a price of \$0.20 per share until August 10, 2023.

*Year ended December 31, 2019*

The Company did not complete any private placements in the year ended December 31, 2019.

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## c) Stock options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2018 and 2019	-	\$ -
Granted	<u>3,150,000</u>	<u>0.12</u>
Balance outstanding, December 31, 2020	3,150,000	\$ 0.12
Balance exercisable, December 31, 2020	<u>3,150,000</u>	<u>\$ 0.12</u>

Stock options outstanding as at December 31, 2020:

	Number	Exercise price	Expiry date
<b>Stock Options</b>	3,150,000	\$ 0.12	July 31, 2025

## d) Share-based payments

During the year ended December 31, 2020 the Company granted 3,150,000 (2019 – Nil) stock options with a fair value of \$323,406 (2019 - \$Nil).

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

	2020	2019
Share price on grant date	\$0.12	-
Risk-free interest rate	0.46%	-
Expected life of options	5 years	-
Expected annualized volatility	130%	-
Dividend rate	-	-
Forfeiture rate	-	-

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## d) Share-based payments (cont'd...)

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 126.9%, the Company rounded up to an expected annualized volatility of 130.00%. As the Company is less established than these public companies, the Company's stock price is expected to be slightly more volatile.

## e) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2018 and 2019	-	\$ -
Issued	<u>6,138,593</u>	0.20
Balance, outstanding and exercisable, Balance, December 31, 2020	<u>6,138,593</u>	\$ 0.20

Warrants outstanding as at December 31, 2020:

Number of Warrants	Exercise Price	Expiry Date
5,638,593	\$0.20	July 17, 2023
<u>500,000</u>	\$0.20	August 10, 2023
<u>6,138,593</u>		

**9. RELATED PARTY TRANSACTIONS**

As at December 31, 2020 the Company is owed \$18,441 (2019 - \$Nil) included in accounts receivable from Pac Roots Cannabis Corp. ("Pac Roots") a company of which the CEO is an officer. The Company and Pac Roots entered into a sublease agreement with the effective date of January 1, 2020 and ending December 31, 2029. The sublease is terminable on 60 days' notice.

**Management Compensation**

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

<b>Payments to key management personnel</b>	2020	2019
Consulting fees	\$ 15,750	\$ -
Management fees	\$ 78,000	\$ 52,095
Share-based compensation	\$ 102,669	\$ -

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Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2019 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

	2020	2019
Income before income tax	\$ (851,273)	\$ (89,428)
Statutory income tax rate	<u>27.00%</u>	<u>27.00%</u>
Expected income tax recovery	\$ (230,000)	\$ (24,000)
Foreign income tax rate difference, change in foreign exchange rates and other	(32,000)	(1,000)
Permanent differences	87,000	-
Changes in benefits not recognized	<u>175,000</u>	<u>25,000</u>
Income tax expense (recovery)	<u>\$ -</u>	<u>\$ -</u>

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:

	2020	2019
Deferred exploration and evaluation	\$ 43,000	\$ -
Non-capital losses	440,000	332,000
Share issue costs	<u>27,000</u>	<u>3,000</u>
Unrecognized income tax assets	<u>\$ 510,000</u>	<u>\$ 335,000</u>

As at December 31, 2020, the Company has Canadian non-capital losses of \$1,550,000 that may be applied to reduce future taxable income. If these losses are not used to offset future income, they will expire through the year ended December 31, 2040.

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

Cash and cash equivalents, 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 due to the short-term nature of the financial instruments.

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### **11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

#### **Financial risk factors**

##### *Credit risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents and amount due from a related party included in receivables, amounting to \$795,800 at December 31, 2020 (2019 - \$201,017). As the Company's policy is to limit cash holdings to instruments issued by major Canadian and Peruvian banks, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

##### *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, 2020, the Company had working capital of \$658,656 (2019 - \$145,053). 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 and cash equivalents. Management believes the interest rate risk is low given the current low global interest rate environment. At December 31, 2020, the Company maintained all of its cash balance on deposit with a major Canadian and a major Peruvian bank.

##### *Foreign currency risk*

The Company has engaged a number of vendors in the pursuit of mineral exploration activities in Peru. As such, the Company is exposed to some foreign currency risk. Fluctuations in the exchange rate between the Canadian dollar, United States dollar and the Peruvian sol may have an adverse effect on the Company's business and costs to proceed with preferred vendors. The Company does not enter into any foreign exchange hedging contracts. Cash held in the Peruvian entities is generally held in US dollars and converted to soles as required. As at December 31, 2020, the Company held cash of US\$137,850. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately \$12,500. Foreign currency risk will have an impact the Company's net loss and net financial instruments.

### **12. 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 \$1,727,454 (2019 - \$271,563). 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, 2020.

### **13. SUBSEQUENT EVENT**

Subsequent to December 31, 2020, the Company entered into an agreement with Haywood Securities Inc. to act as lead agent and sole bookrunner for the Company in connection with the initial public offering of the Company and concurrent listing of the common shares in the capital of the Company on the Canadian Securities Exchange. The Company intends to prepare and file a prospectus with the principal securities regulator.

**SCHEDULE "B" - INTERIM FINANCIAL STATEMENTS OF THE COMPANY**

**Unaudited interim consolidated financial statements for the three and six months ended June  
30, 2021**



**FORTE MINERALS CORP.**

**(formerly Forte Copper Corp.)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

**FOR THE SIX MONTHS ENDED JUNE 30, 2021**

**FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

**AS AT**

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 399,033	\$ 777,359
Accounts receivable (Note 7)	13,410	24,813
Prepaid expenses	20,000	3,000
Interest receivable (Note 3)	2,130	940
	<u>434,573</u>	<u>806,112</u>
<b>Notes receivable (Note 3)</b>	120,000	120,000
<b>Exploration and evaluation assets (Note 5)</b>	<u>948,798</u>	<u>948,798</u>
<b>Total assets</b>	<u>\$ 1,503,371</u>	<u>\$ 1,874,910</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 74,948	\$ 128,536
Loans payable (Note 4)	17,352	18,920
	<u>92,300</u>	<u>147,456</u>
<b>Shareholders' equity</b>		
Share capital (Note 6)	4,241,350	4,241,350
Accumulated other comprehensive loss	(19,656)	(14,442)
Reserves	323,406	323,406
Deficit	<u>(3,134,029)</u>	<u>(2,822,860)</u>
	<u>1,411,071</u>	<u>1,727,454</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,503,371</u>	<u>\$ 1,874,910</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 10)

Approved and authorized by the Board on October 18, 2021.

“Patrick Elliott”

Director

“Douglas Turnbull”

Director

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

**FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30,**

	<b>Three months ended June 30, 2021</b>	Three months ended June 30, 2020	<b>Six months ended June 30, 2021</b>	Six months ended June 30, 2020
<b>EXPENSES</b>				
Consulting (Note 7)	\$ 10,500	\$ -	\$ 21,000	\$ -
Exploration and evaluation expenditures (Note 5)	73,366	34,435	138,963	34,435
Foreign exchange	7,549	983	13,843	2,603
Investor relations	5,697	2,000	7,847	5,000
Management fees (Note 7)	24,000	15,000	48,000	30,000
Marketing	9,711	2,000	14,361	5,000
Office and administration	2,471	1,274	8,553	5,860
Professional fees	30,950	918	59,784	2,751
Travel	3	1,686	8	3,474
<b>Total expenses</b>	<b>(164,247)</b>	<b>(58,296)</b>	<b>(312,359)</b>	<b>(89,123)</b>
<b>Other income</b>				
Interest income	598	-	1,190	-
<b>Net loss</b>	<b>(163,649)</b>	<b>(58,296)</b>	<b>(311,169)</b>	<b>(89,123)</b>
<b>Other comprehensive loss</b>				
Foreign exchange on translation	(7,178)	(2,044)	(5,214)	(1,201)
<b>Comprehensive loss for the period</b>	<b>\$ (170,827)</b>	<b>\$ (60,340)</b>	<b>\$ (316,383)</b>	<b>\$ (90,324)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>				
- <b>basic and diluted</b>	27,128,587	9,851,401	27,128,587	9,851,401

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

**FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE SIX MONTHS ENDED JUNE 30,**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (311,169)	\$ (89,123)
Item not involving the use of cash:		
Unrealized foreign exchange	(1,568)	896
Changes in non-cash working capital items:		
Accounts receivable	11,184	(11,747)
Accounts payable and accrued liabilities	(53,388)	(11,729)
Accrued interest income	(1,190)	-
Prepaid expenses	(17,000)	(15,000)
Net cash used in operating activities	<u>(373,131)</u>	<u>(126,703)</u>
<b>Effect of foreign exchange on cash</b>	<u>(5,195)</u>	<u>(1,201)</u>
<b>Change in cash for the period</b>	(378,326)	(127,904)
<b>Cash, beginning of period</b>	<u>777,359</u>	<u>201,017</u>
<b>Cash, end of period</b>	<u>\$ 399,033</u>	<u>\$ 73,113</u>

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

**FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited)

(Expressed in Canadian Dollars)

	<b>Share Capital</b>		<b>Accumulated Other Comprehensive Loss</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number</b>	<b>Amount</b>				
<b>Balance, December 31, 2019</b>	9,851,401	\$ 2,243,760	\$ (610)	\$ -	\$ (1,971,587)	\$ 271,563
Comprehensive loss for the period	-	-	(1,201)	-	(89,123)	(90,324)
<b>Balance, June 30, 2020</b>	9,851,401	2,243,760	(1,811)	-	(2,060,710)	181,239
Private placement	11,277,186	1,353,262	-	-	-	1,353,262
Share issue costs	-	(75,672)	-	-	-	(75,672)
Share-based compensation	-	-	-	323,406	-	323,406
Shares issued for acquisition of subsidiaries	5,000,000	600,000	-	-	-	600,000
Shares issued on promissory notes	1,000,000	120,000	-	-	-	120,000
Comprehensive loss for the period	-	-	(12,631)	-	(762,150)	(774,781)
<b>Balance, December 31, 2020</b>	27,128,587	4,241,350	(14,442)	323,406	(2,822,860)	1,727,454
Comprehensive loss for the period	-	-	(5,214)	-	(311,169)	(316,383)
<b>Balance, June 30, 2021</b>	27,128,587	\$ 4,241,350	\$ (19,656)	\$ 323,406	\$ (3,134,029)	\$ 1,411,071

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

# **FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021**

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### **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 300 – 1055 West Hastings Street, Vancouver, British Columbia, Canada V6E 2E9.

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

These 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 a working capital of \$342,273 and had an accumulated deficit of \$3,134,029 as at June 30, 2021. The Company reported a net loss of \$311,169 for the six months ended June 30, 2021. The Company’s ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

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

### **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, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

#### **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 condensed consolidated interim 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.

## **FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021**

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

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

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. Judgement is necessary in evaluating each entity's functional currency.

- Going concern

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

- Deferred income tax

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

## FORTE MINERALS CORP.

(formerly Forte Copper Corp.)

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021**

#### 3. NOTES RECEIVABLE

On August 10, 2020, the Company received four (4) promissory notes (“Promissory Notes”). The Promissory Notes were provided as security against the purchase of 1,000,000 units (“Units”) at \$0.12 per share for a total principal amount of \$120,000 and mature on July 10, 2023 (“Maturity Date”). Each unit is comprised of one common share and one-half purchase warrant. Each warrant entitles the holder to purchase a further common share at a price of \$0.20 per share until August 10, 2023. The interest on the principal amount is at a rate of 2.00% per annum. The Promissory Notes are secured by the Units which are held in trust.

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

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

- (1) After the first anniversary date of the promissory note July 10, 2021, but before the second anniversary date of the promissory note on July 10, 2022, the Payor shall have the right to prepay up to a maximum aggregate amount of \$15,000 towards the principal amount owing under the promissory note.
- (2) From and after the second anniversary date of the promissory note on July 10, 2022, but before the third anniversary date of the promissory note on July 10, 2023, the Payor shall have the right to prepay up to a maximum aggregate amount of \$15,000 towards the principal amount owing under the promissory note.

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

	June 30, 2021	December 31, 2020
Balance, beginning of period	\$ 120,940	\$ -
Funds advanced	-	120,000
Interest accrued	1,190	940
Balance, end of period	\$ 122,130	\$ 120,940

#### 4. LOANS PAYABLE

Loans payable	
Balance, December 31, 2019	\$ 19,278
Foreign exchange	(358)
Balance, December 31, 2020	18,920
Foreign exchange	(1,568)
Balance, June 30, 2021	\$ 17,352

The amounts are non-interest bearing and unsecured. Loans totaling \$12,394 (December 31, 2020 - \$13,514) were payable upon the close of a private placement at \$0.05 per share. Loans totaling \$4,958 (December 31, 2020 - \$5,406) is payable upon the Company listing on a stock exchange or acquisition by a reporting issuer.



## **FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021**

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#### **5. EXPLORATION AND EVALUATION ASSETS**

##### **Mineral property titles**

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

##### **Don Gregorio, Peru**

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

- a) Make payments as follows:
  - a. US\$100,000 on or before 30 days of receipt of a drilling permit (“First Drill Permit”);
  - b. US\$100,000 within 30 days of completed a first phase drill program (“First Phase Drill Program”); and
  - c. US\$200,000 within 60 days of completed a second phase drill program (“Second Phase Drill Program”).
- b) Carry out the First Phase Drill Program of 5,000 meters upon the issuance of the First Drill Permit, which First Phase Drill Program shall be completed within two years of the First Drill Permit, or in lieu of completing the First Phase Drill Program, the Company may elect to pay to Candente US\$100 per meter for each of the 5,000 meters not drilled as part of the First Phase Drill Program, up to a maximum amount of US\$500,000, and such payment shall be made prior to the second anniversary of the First Drill Permit.
- c) Carry out the Second Drill Program of a further 5,000 meters prior to the earlier of the third anniversary of the First Drill Permit and the first anniversary of a permit received to complete the Second Drill Program.

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

##### **Esperanza and Pucarini, Peru**

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

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

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

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

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

**FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021****5. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Esperanza and Pucarini, Peru (cont'd...)**

The acquisitions were allocated as follows:

	<b>Amaru, Peru</b>	<b>Cordillera, Peru</b>
<b>Consideration paid</b>		
Cash	\$ 75,000	\$ 75,000
Shares	<u>300,000</u>	<u>300,000</u>
<b>Total consideration paid</b>	<b>\$ 375,000</b>	<b>\$ 375,000</b>

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

**Mineral Property Interests**

Details of mineral property balances are as follows:

	<b>Esperanza Project, Peru</b>	<b>Pucarini Project, Peru</b>	<b>Don Gregorio, Peru</b>	<b>Total</b>
<b>Balance, December 31, 2019</b>	\$ -	\$ -	\$ 126,510	\$ 126,510
Additions	<u>374,606</u>	<u>447,682</u>	<u>-</u>	<u>822,288</u>
<b>Balance, December 31, 2020 and June 30, 2021</b>	<b>\$ 374,606</b>	<b>\$ 447,682</b>	<b>\$ 126,510</b>	<b>\$ 948,798</b>

## FORTE MINERALS CORP.

(formerly Forte Copper Corp.)

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021**

#### 5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

##### Exploration expenditures

The Company expended the following exploration and evaluation expenditures:

For the six months ended June 30, 2021	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Assay	\$ -	\$ 16,840	\$ -	\$ 16,840
Camp accommodations and travel	-	2,269	-	2,269
Community relations	1,532	11,866	-	13,398
Field office	9,247	25,316	-	34,563
Geological	-	8,712	-	8,712
Property costs	-	34,307	28,874	63,181
<b>Total, June 30, 2021</b>	<b>\$ 10,779</b>	<b>\$ 99,310</b>	<b>\$ 28,874</b>	<b>\$ 138,963</b>

The Company incurred \$34,435 in property costs for the six months ended June 30, 2020 with respect to the Don Gregorio project in Peru.

#### 6. SHARE CAPITAL

##### a) Authorized share capital

Unlimited number of common shares without par value.

##### b) Issued share capital

*Period ended June 30, 2021*

The Company did not complete any private placements in the period ended June 30, 2021.

*Year ended December 31, 2020*

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

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

On August 10, 2020, the Company issued a total of 1,000,000 units at \$0.12 per share for a value of \$120,000 (Note 3). Each unit is comprised of one common share and one-half purchase warrant. Each warrant entitles the holder to purchase a further common share at a price of \$0.20 per share until August 10, 2023.

**FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021****6. SHARE CAPITAL (cont'd...)**

## c) Stock options

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

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2019	-	\$ -
Granted	<u>3,150,000</u>	<u>0.12</u>
Balance outstanding and exercisable, December 31, 2020 and June 30, 2021	3,150,000	\$ 0.12

Stock options outstanding as at June 30, 2021:

	Number	Exercise price	Expiry date
<b>Stock Options</b>	3,150,000 <sup>(1)</sup>	\$ 0.12	July 31, 2025

<sup>(1)</sup> The outstanding stock options were granted prior to adoption of the Plan and currently exceed the amount issuable under the Plan, but upon completion of the Minimum Offering (Note 10) will be within the permitted limit. In the event that the Minimum Offering is not achieved, the outstanding options will be cancelled.

## d) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	-	\$ -
Issued	<u>6,138,593</u>	<u>0.20</u>
Balance outstanding and exercisable, December 31, 2020 and June 30, 2021	6,138,593	\$ 0.20

Warrants outstanding as at June 30, 2021:

	Number of Warrants	Exercise Price	Expiry Date
	5,638,593	\$ 0.20	July 17, 2023
	<u>500,000</u>	\$ 0.20	August 10, 2023
	<u>6,138,593</u>		

# FORTE MINERALS CORP.

(formerly Forte Copper Corp.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021**

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### 7. RELATED PARTY TRANSACTIONS

As at June 30, 2021 the Company is owed \$1,203 (December 31, 2020 - \$18,441) included in accounts receivable from Pac Roots Cannabis Corp. (“Pac Roots”) a company of which the CEO is a former officer. The Company and Pac Roots entered into a sublease agreement with the effective date of January 1, 2020 and ending December 31, 2029. The sublease is terminable on 60 days’ notice.

#### 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:

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<b>Payments to key management personnel</b>	<b>2021</b>	<b>2020</b>
Consulting fees	\$ 21,000	\$ -
Marketing and investor relations	\$ 3,000	\$ -
Management fees	\$ 48,000	\$ 30,000

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The Company has certain Promissory Notes due from related parties (Note 3).

### 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Financial instruments

Cash and cash equivalents, 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 due to the short-term nature of the financial instruments.

#### Financial risk factors

##### *Credit risk*

The Company’s primary exposure to credit risk is the risk of illiquidity of cash and amount due from a related party included in receivables, amounting to \$400,236 at June 30, 2021 (December 31, 2020 – \$795,800). As the Company’s policy is to limit cash holdings to instruments issued by major Canadian and Peruvian banks, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

The Company is also subject to credit risk with respect to the Promissory Notes (Note 3). The Promissory Notes are secured by Units. The value of the Units can vary with the Company’s share price and fluctuate relative to the receivable amount. However, the Promissory Notes are due from persons actively engaged with the Company and are considered low risk for collection.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at June 30, 2021, the Company had working capital of \$342,273 (December 31, 2020 – \$658,656). The Company’s financial obligations are limited to accounts payable and accrued liabilities and loans payable, all of which have contractual maturities of less than a year.

## **FORTE MINERALS CORP.**

(formerly Forte Copper Corp.)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**SIX MONTHS ENDED JUNE 30, 2021**

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

##### **Financial risk factors (cont'd...)**

###### *Interest rate risk*

The Company's financial asset exposed to interest rate risk consists of cash and cash equivalents. Management believes the interest rate risk is low given the current low global interest rate environment. As at June 30, 2021, the Company maintained all of its cash balance on deposit with a major Canadian and a major Peruvian bank.

###### *Foreign currency risk*

The Company has engaged a number of vendors in the pursuit of mineral exploration activities in Peru. As such, the Company is exposed to some foreign currency risk. Fluctuations in the exchange rate between the Canadian dollar, United States dollar and the Peruvian sol may have an adverse effect on the Company's business and costs to proceed with preferred vendors. The Company does not enter into any foreign exchange hedging contracts. Cash held in the Peruvian entities is generally held in US dollars and converted to soles as required. As at June 30, 2021, the Company held cash of US\$71,951. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately \$6,541. Foreign currency risk will have an impact 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 \$1,411,071 (December 31, 2020 – \$1,727,454). 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 June 30, 2021.

#### **10. PROPOSED OFFERING**

The Company has entered into an agreement with Haywood Securities Inc. ("Agent") to act as lead agent and sole bookrunner for the Company in connection with the initial public offering ("Offering") of the Company and concurrent listing of the common shares in the capital of the Company on the Canadian Securities Exchange.

The proposed offering will be for an aggregate of 8,333,333 units (each a "Unit") at an offering price of \$0.30 per Unit ("Offering") for gross proceeds of \$2,500,000. Each Unit consists of one common share and one share purchase warrant. Each whole warrant will be exercisable for a period of 36 months at a price of \$0.50 per share. The Company has granted to the Agent an over-allotment option, exercisable at any time up to the closing date, to sell up to a further 15% of the Units sold pursuant to the Offering, at the Offering Price.

The Company will pay the Agent a commission of 7% of the gross proceeds of the Offering, excluding gross proceeds from Units to purchasers on a president's list, in respect of which the Agent's commission will be equal to 3% of the gross proceeds of such sales. Additionally, the Agent will be paid a fee of \$40,000 of which \$25,000 is payable in cash and \$15,000 is payable through the issuance of Units. The Agent will also receive the same compensation rates in agent warrants ("Agent's Warrants"). Each Agent's Warrant will be exercisable at a price of \$0.30 per Unit for a period of 12 months following the closing date of the Offering and have the same terms as the Offering units.

**SCHEDULE "C" – MD&A OF THE COMPANY**

**Management's discussion and analysis of the Company for the year ended December 31, 2020  
and the six months ended June 30, 2021**



(formerly Forte Copper Corp.)

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE  
SIX MONTHS ENDED JUNE 30, 2021  
AND  
YEARS ENDED DECEMBER 31, 2020 and 2019**

**300 – 1055 West Hastings  
VANCOUVER, B.C. V6E 2E9**



## Management's Discussion and Analysis

### For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019

The following discussion and analysis, prepared as of October 18, 2021, should be in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2021 and consolidated financial statements for the years ended December 31, 2020 and 2019. All financial information in this document is prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on the Company's website at [www.forteminerals.com](http://www.forteminerals.com) and SEDAR at [www.sedar.com](http://www.sedar.com).

#### FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting timelines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper, gold and other commodity prices;
- the availability of financing for the Company's development of the projects on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff and consultants.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity and, particularly, copper and gold prices, access to skilled exploration personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.**

#### DESCRIPTION OF BUSINESS

Forte Minerals Corp. (formerly Forte Copper 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. 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 300 – 1055 West Hastings Street, Vancouver, British Columbia, Canada V6E 2E9.

## **OVERALL PERFORMANCE AND HIGHLIGHTS**

To date, the Company has not yet realized profitable operations and has relied on debt and equity financings and trade credit to fund the losses. The Company recognized a comprehensive loss of \$316,383 (2020 – \$90,324) during the six months ended June 30, 2021 (Unaudited). The Company recognized a comprehensive loss of \$865,105 (2019 – \$90,038) during the year ended December 31, 2020.

### *Equity*

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

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

### *Acquisition of the Esperanza and Pucarini Projects*

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

Amaru owns 2,700 hectares as the Esperanza copper project. The claims are 100% owned. The project is subject to a 1% net smelter royalty (“NSR”).

Cordillera owns 17,100 hectares as the Pucarini gold project. The claims are 100% owned. The project is subject to a 1% NSR.

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

## **OUTLOOK**

### **Pucarini Gold Project**

The drill permit under an Environmental Impact Statement (“DIA”) is currently in the application process for the Pucarini property. Once the permit is received, the Company anticipates completing a phase one 4 hole diamond drill program, for a total of 1,000 metres, at Pucarini to test the coincident geochemical and geophysical anomalies delineated from the recent exploration program. The goal is to evaluate the potential for economic gold grade resources of sulfide mineralization at depth. Upon successfully encountering gold mineralization, the Company subsequently plans to carry out a phase two 2,000m drilling program. In 2020, the Company staked a further 16,100 hectares comprising 9 separate alteration anomalies within the Pucarini district. These argillic and sericitic alteration anomalies will be subject to further investigation and surface exploration follow-up work in 2021.

### **Don Gregorio Copper Gold Porphyry Project**

The drill permit under a Technical Environmental Study (the “FTA”) approval for the Don Gregorio property from the Ministry of Energy and Mines (“MINEM”) of Peru is currently in the application process. The FTA enables the Company to commence its drilling program at Don Gregorio subject to filing a notice for permit activation, and obtaining the local water permit, which is ongoing. Once the permit is received, the Company anticipates completing a drilling exploration program which will consist of 5,000 metres of diamond drilling to test the mineralization at depth and drilling in and around the known copper gold intersections to complete a resource estimate in accordance with NI 43-101 as well as testing new target areas on the property. The Company’s preliminary exploration target is in and around the historical drilling cluster, which has the potential to host 200 to 500 million tonnes of mineralized material, with grades of 0.30-0.45% copper, 0.1-0.15 g/t gold. In parallel, the Company will undertake preliminary metallurgical studies. The Company doesn’t anticipate starting the exploration program until sometime in 2022.

**Management’s Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

Esperanza Copper Moly Project

The Company is in the process of deploying a MT geophysical survey to delineate the hydrothermal system. The drill permit under an Environmental Evaluation (the “FTA”) approval for the Esperanza Property from the Ministry of Energy and Mines (“MINEM”) of Peru is currently being initiated. The FTA enables the Company to commence its drilling program at Esperanza subject to filing a notice for permit activation, and obtaining the local water permit, which is ongoing. Once the permit is received, the Company anticipates completing a drilling exploration program which will test the porphyry mineralization encountered on surface.

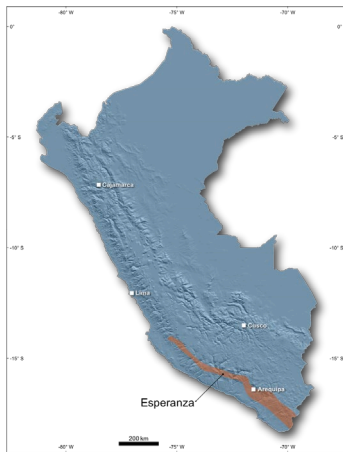
**EXPLORATION AND EVALUATION ASSETS**

Details of the exploration and evaluation asset acquisition costs are as follows:

Exploration and evaluation assets	June 30, 2021	December 31, 2020	December 31, 2019
	(Unaudited)		
Don Gregorio, Peru	\$ 126,510	\$ 126,510	\$ 126,510
Esperanza Project, Peru	374,606	374,606	-
Pucarini Project, Peru	447,682	447,682	-
Total	\$ 948,798	\$ 948,798	\$ 126,510

*Esperanza Project, Peru*

Esperanza is an early-stage porphyry Cu-Mo prospect situated in southern Peru about 180 km northwest of Arequipa and 5 km north from the town of Ispacas. The project consists of 2518.17 ha of mineral concessions located within Comunidad Campesina de Ispacas, Yanaquihua District of Condesuyos Province in the Arequipa Region. The property is 100% owned by Forte Copper Corp. with a 1% Net Smelter Return royalty held by Globetrotters Resource Group Inc.



*Figure 1. Location of the Esperanza Project, Peru. The project resides in the northwest of the Paleocene magmatic belt (shown as an orange band), which hosts large porphyry copper mines in southern Peru including Cerro Verde, Cuajone, Toquepala.*

Esperanza is within a magmatic arc composed of Late Cretaceous to Paleocene plutons that can be traced from Peru’s southern border to least 200 km northwest of Arequipa. The Paleocene component of the arc defines the Southern Peru Copper Belt, which hosts large porphyry deposits such as Cerro Verde, Cuajone, Toquepala, and Quellaveco.

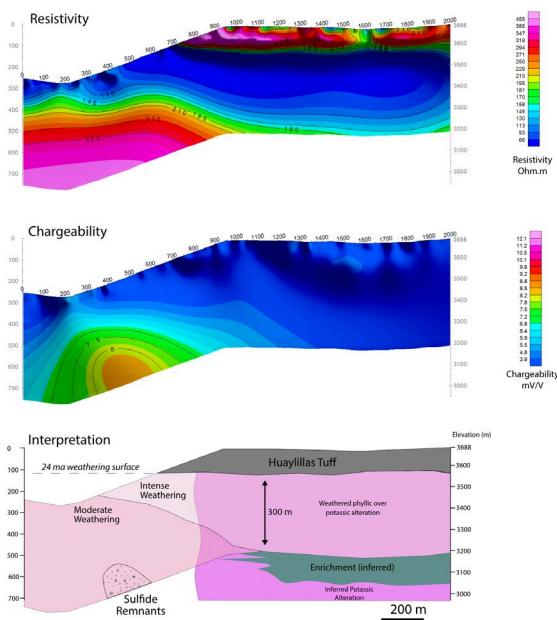
A large porphyry-related hydrothermal system with a 4.2 x 3.1 km hydrothermal alteration footprint is partially exposed on the property beneath post-mineral volcanic cover. A granodiorite phase of the Peruvian Coastal Batholith hosts mineralization and

**Management’s Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

alteration. A potassic alteration zone with dimensions 3.4 x 2.7 km enclosed within a broader propylitic halo is inferred from field mapping. Outcrop sampling and mapping demonstrate the hydrothermal system is copper-bearing. Potassic, propylitic, and phyllic alteration accompanied by veining sequences and hydrothermal breccia typically associated with porphyry systems are exposed and mapped on the property. Multiple generations of sulfide-bearing quartz veinlets with varying proportions of pyrite and chalcopyrite are distributed in potassic alteration and the inner margin of propylitic-altered equigranular granodiorite. Pyrite veinlets with hydrolytic halos of sericite and chlorite equivalent to D-veins overprint quartz veinlets.

Large boulders showing hydrothermal alteration identified in 2003 in a drainage near Esperanza were the first indication a hydrothermal system existed in the area. A Peruvian prospector staked the ground covering the southeastern portion of Esperanza in 2011 for its gold potential but later dropped the concession. Globetrotters successfully acquired the claims through a competitive bid in 2017-2018 to consolidate the tenure over the prospect.

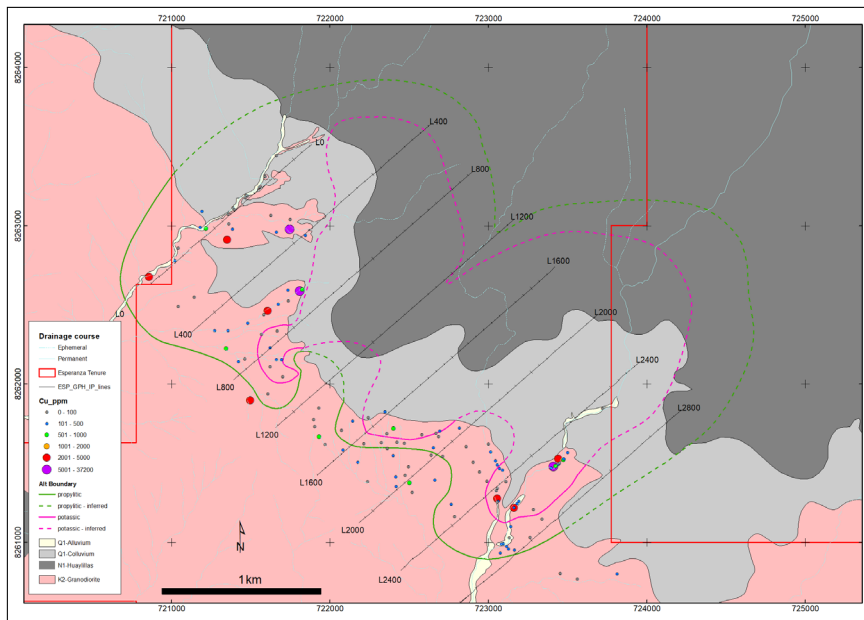
Mapping, outcrop sampling, and geophysical programs were completed by Globetrotters from 2014 with the objective of resolving the exploration target. Property-scale mapping approximated the hydrothermal footprint and outcrop sampling confirmed the hydrothermal system as copper-bearing. Globetrotters commissioned concurrent induced polarization (IP), DC resistivity, and magnetic surveys in July 2014. Very low resistivity was persistent across the survey area and low magnitude chargeability anomalies were outlined but chargeability and resistivity responses were difficult to reconcile with the initial mapped geology. Subsequent fieldwork resulted in a more accurate map of post-mineral volcanic cover and its role interfering with geophysical response beneath the post-mineral cover. This mapping also resolved alteration patterns that suggest one or more hydrothermal centres are located under post-mineral volcanic cover. Critically, the outer fringes of a potassic alteration zone are exposed near the edges of cover.



*Figure 2. 2D inversion models of resistivity and chargeability, along with a geological interpretation from Line 1200. Interpretation is based on mapping and geophysical response. The flat-lying Huayllillas Formation is clearly visible in the resistivity inversion as a horizontal, high apparent resistivity layer. This correlates with the mapped position of the Huayllillas Formation. The unit is not as obvious in the chargeability inversion. An anomalously low, sub-horizontal apparent resistivity zone (<100 Ohm-m) is immediately beneath the Huayllillas layer. There is not a corresponding chargeability anomaly beneath Huayllillas layer. A weak chargeability anomaly appears at depth where the colluvial cover terminates on surface of the section.*

Completion of geological mapping on the northwest side of the target and more detailed magnetic surveying are recommended to constrain the westward extent of potassic and propylitic alteration. Further investigation of IP response by undertaking limited number of IP test lines using different equipment or survey configuration supplemented by MT data may help reconcile IP results with observed geology and give a solution for returning a reliable bedrock response under the covered part of the target.

**Management’s Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**



*Figure 3. Simplified property geology map showing the distribution of the ~24ma Huaylillas pyroclastic sequence, unconsolidated colluvium derived from the pyroclastic sequence and the equigranular granodiorite host rock that is part of the Coastal Batholith. Mapped and inferred alteration boundaries shown in solid and dashed lines outline the target area. A propylitic alteration zone with dimensions 4.2 x 3.1 km encloses potassic zone of 3.4 x 2.7 km. Copper geochemistry from outcrop sampling is shown to highlight the relation of higher copper concentrations with mapped potassic alteration*

The town of Ispacas functions as a service center for the small-scale gold mining activities in the district. Globetrotters and the Ispacas Community agreed to one-year renewable permits allowing surface exploration activities to be conducted on the property. A road constructed to access small gold mining operations in the region is used to access the project. The community controls access to the road and charges a small per use fee to supplement road maintenance costs.

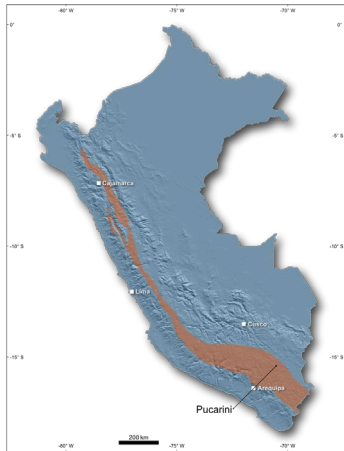
People who work at small-scale mines exploiting gold-bearing veins are based in Ispacas. Most are informal miners organized into associations called “Soledad”, which have temporary work agreements with Minera Andina de Exploraciones S.A., the main mining company in the district. In general, the Community is supportive of exploration work in the region but a work agreement involving Community support payments is required. There are the usual concerns regarding environmental impacts of mining. Additionally, the community will want to negotiate control and compensation for the use of the access road constructed and maintained by the Community to access gold mining operations. The Community will expect a more comprehensive economic benefits agreement as exploration progresses.

*Pucarini Project, Peru*

Pucarini is an early-stage, high-sulfidation gold project located in Lampa Province, Department of Puno. The 1,000 ha concession is 43 km from Juliaca, the region’s largest commercial centre and 830 km southeast of Lima. The property is 100% owned by Forte Copper Corp with a 1% Net Smelter Return royalty held by Globetrotters Resource Group Inc. In 2020, the Company staked a further 16,100 hectares comprinign 9 separate alteration anomalies within the Pucarini district. These argillic and sericitic alteration anomalies will be subject to further investigation and surface exploration in 2021.

**Management’s Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

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*Figure 4. Location of the Pucarini Project, Peru. The project is in the southern segment of the Miocene magmatic belt (shown as an orange band), which is the host to large Miocene high-sulfidation gold deposits in northern Peru including Pierina, Yanacocha, and Alto Chicama.*

Globetrotters Resources Peru SAC acquired the property through the Peruvian auction process in 2018 and transferred ownership to Forte Copper Corp in 2020 under a share purchase agreement. Prior to Globetrotters exploration activity, Teck Resources Peru SAC carried out preliminary mapping and sampling programs between 2011 and 2015 before relinquishing the property. No drilling has been completed to date. Forte Copper Corp continued exploration by completing magnetic, induced polarization and resistivity geophysical surveys, geological mapping, outcrop sampling, and a soil geochemical survey.

The property is underlain by a thick volcanic succession comprised of Miocene andesite to dacite pyroclastic and lava assigned to the Sillapaca Formation. Geological mapping outlined extensive argillic hydrothermal alteration measuring approximately 3 x 4 km, which encloses smaller zones of advanced argillic alteration. Outcrop sampling indicates gold mineralization is associated with quartz veining, hydrothermal breccia veins and dikes, and advanced argillic alteration. Geological, geophysical, and geochemical evidence combine to establish drill targets at 100 to 250 metres below surface across the property. The targets can be tested by an initial 1,000 drill program.

*Acquisition of the Don Gregorio Project*

The Company has an option to acquire a 60% interest on the Don Gregorio project from Candente Copper Corp. (“Candente”). The property is a 900 hectares gold and copper prospect in northern Peru. To maintain the option on the property, the Company has paid US\$98,500 and must:

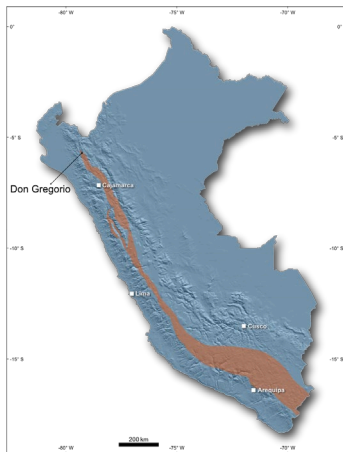
- a) Make payments as follows:
  - a. US\$100,000 on or before 30 days of receipt of a drilling permit (“First Drill Permit”);
  - b. US\$100,000 within 30 days of a completed first phase drill program (“First Phase Drill Program”); and
  - c. US\$200,000 within 60 days of a completed second phase drill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

**Management’s Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

*Don Gregorio, Peru*

Don Gregorio is a porphyry copper system accompanied by gold and molybdenum within a 900 ha concession located in Jaen Province, Department of Cajamarca. The project is situated at the northern end of the Miocene magmatic belt, which hosts many well-known porphyry copper and epithermal gold deposits in Peru, including La Granja, Cañariaco, Yanacocha, and Lagunas Norte. The prospect, originally named La Huaca was discovered by Peruvian government surveys in 1974. Prospecting, geological mapping, geochemical rock and soil sampling, geophysical surveys, and drilling identified leached cap overlying supergene copper enrichment. The upper 100 metres of the system was tested with 8 holes, drilled in 1977. Newmont drilled another 4 holes in 1995 to test anomalous gold detected in the northern portion of the previously outlined leached cap. All holes drilled on the project encountered anomalous copper mineralization. Additional geological mapping was conducted in 2007, when a subsidiary of Candente Copper Corp. acquired the property.



*Figure 5. Location of the Don Gregorio Porphyry Cu-Au Project, Peru. The project is near the northern end of the Miocene magmatic belt (shown as an orange band), which is the host to large Miocene porphyry systems including Toromocho and Antamina.*

The leached cap measuring 1.3 x 0.5 km is superimposed on a quartz-sericite-pyrite altered porphyry intrusion. The porphyry system is emplaced into Jurassic and Cretaceous volcanic and sedimentary formations overlying Precambrian metasedimentary rocks. Limits of the leached cap and hydrothermal alteration associated with the porphyry system are not completely defined and the chargeability anomaly remains open to the north, northwest and northeast. Previous drilling encountered a typical leached profile above supergene enrichment that transitions into primary sulfide mineralization. Highlights of the 1648.55m of historical drilling completed since 1977 are shown in table 1.

*Table 1. Highlights of historical drilling at Don Gregorio.*

Hole Name	From	To	Length	Cu %	Au g/t	Zone
LH-03	0.00	300.05	300.05	0.285	0.079	Total
	0.00	42.00	42.00	0.412	0.133	Supergene
	42.00	300.05	258.05	0.265	0.089	Primary
LH-04	0.00	153.30	153.30	0.394	0.153	Total
	0.00	36.00	36.00	0.438	0.250	Supergene
	36.00	153.30	117.30	0.321	0.152	Primary

Historical exploration has partially tested the near-surface expression at the Don Gregorio porphyry system. Future exploration is necessary to identify wider and better grade supergene mineralization extending from historical drill hole intersections, locate the porphyry centre expected to coincide with higher grade hypogene (primary) mineralization, and evaluate the depth extent of mineralization with deeper drilling.

**Management's Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

**Exploration expenditures**

The Company incurred exploration expenditures for the six months ended June 30, 2021 as follows:

<b>For the six months ended June 30, 2021</b>	<b>Esperanza Project, Peru</b>	<b>Pucarini Project, Peru</b>	<b>Don Gregorio, Peru</b>	<b>Total</b>
Assay	\$ -	\$ 16,840	\$ -	\$ 16,840
Camp accommodations and travel	-	2,269	-	2,269
Community relations	1,532	11,866	-	13,398
Field office	9,247	25,316	-	34,563
Geological	-	8,712	-	8,712
Property costs	-	34,307	28,874	63,181
<b>Total, June 30, 2021</b>	<b>\$ 10,779</b>	<b>\$ 99,310</b>	<b>\$ 28,874</b>	<b>\$ 138,963</b>

The Company incurred \$34,435 in property costs for the six months ended June 30, 2020 with respect to the Don Gregorio project.

The Company incurred exploration expenditures for the years ended December 31, 2020 and 2019 as follows:

	<b>Esperanza Project, Peru</b>	<b>Pucarini Project, Peru</b>	<b>Don Gregorio, Peru</b>	<b>Total</b>
<b>Total, December 31, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 65,642</b>	<b>\$ 65,642</b>
Property fee	-	-	10,976	10,976
<b>Total, December 31, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,976</b>	<b>\$ 10,976</b>
Assay	-	6,574	-	6,574
Camp accommodations and travel	-	14,827	-	14,827
Community relations	20,675	26,135	-	46,810
Field office	795	63,130	5,362	69,287
Geological	688	143,052	6,376	150,116
Property fee	-	-	34,435	34,435
Recoveries	(251)	-	-	(251)
<b>Total, December 31, 2020</b>	<b>\$ 21,907</b>	<b>\$ 253,718</b>	<b>\$ 46,173</b>	<b>\$ 321,798</b>



**Management's Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

**SELECTED ANNUAL INFORMATION**

	December 31, 2020	December 31, 2019	December 31, 2018 (Unaudited)
	\$	\$	\$
Net loss for the year	(851,273)	(89,428)	\$ (184,699)
Comprehensive loss for the year	(865,105)	(90,038)	(184,699)
Basic and diluted loss per share	(0.05)	(0.01)	(0.02)
Total assets	1,874,910	328,721	434,318
Total liabilities	147,456	57,158	72,717

The loss for the year ended December 31, 2020 is mainly due to geological and office exploration expenditures on the newly acquired Esperanza and Pucarini properties. The loss for the year ended December 31, 2019 was offset by a recovery from loan forgiveness in the amount of \$27,331. The loss for the year ended December 31, 2018, was higher due to some additional investment in the Don Gregorio property in the form of basic on site community engagement and property maintenance costs.

**SUMMARY OF QUARTERLY RESULTS**

	<b>For the Quarters Ended</b>			
	June 30 2021	March 31 2021	December 31 2020	September 30, 2020
	\$	\$	\$	\$
Net loss for the period	(163,649)	(147,520)	(301,132)	(461,018)
Comprehensive loss for the period	(170,827)	(145,556)	(319,135)	(455,646)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)

	<b>For the Quarters Ended</b>			
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	\$	\$	\$	\$
Net loss for the period	(58,296)	(30,827)	(30,575)	(32,069)
Comprehensive loss for the period	(60,340)	(29,984)	(31,185)	(32,069)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)

The Company's operating losses are due to general and administrative costs, such as legal, consulting, management, and accounting expense incurred to manage the Company's operations. The Company is also expensing on the statement of loss and comprehensive loss all exploration costs incurred prior to the determination of the potential feasibility of mining operations, a positive construction and production decision, and the securing of appropriate financing. The Company had been relatively inactive prior to the completion of the July Private Placement and acquisition of the Esperanza and Pucarini Projects in July 2020. The more significantly losses after these transactions in the quarter ended September 30, 2020 and December 31, 2021 reflect the investment in the technical report on the Pucarini Project. In the quarters ended March 31, 2021 and June 30, 2021, activity has reflected the final work under the letter of intent ("LOI") for a reverse takeover transaction which was terminated and transition to an IPO listing.

**RESULTS OF OPERATIONS**

*Three months ended June 30, 2021 and 2020 (Unaudited)*

For the three months ended June 30, 2021, the Company recognized a comprehensive loss of \$170,827 (2020 - \$60,340). Significant variances in the comprehensive loss are as follows:

## Management's Discussion and Analysis

### For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019

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- Consulting fees of \$10,500 (2020 - \$nil) is associated with payments for financial reporting support and general consulting services.
- Exploration expenditures of \$73,366 (2020 - \$34,435) related to exploration work done on the Don Gregorio, Esperanza, and Pucarini properties, most significantly in property maintenance costs in both periods.
- Investor relations of \$5,697 (2020 - \$2,000) includes expenditures for its public relations and investor outreach activities.
- Management fees of \$24,000 (2020 - \$15,000) are fees to the Chief Executive Officer of the Company.
- Marketing fees of \$9,711 (2020 - \$2,000) includes fees paid to a consultant in preparation of marketing materials for the Company.
- Professional fees of \$30,950 (2020 - \$918) increased as the Company accrued increased accounting and legal fees for the increased activity and preparation for listing.
- Travel fees of \$3 (2020 - \$1,686) decreased from less corporate travel due to COVID-19.

#### *Six months ended June 30, 2021 and 2020 (Unaudited)*

- Consulting fees of \$21,000 (2020 - \$nil) is associated with payments for financial reporting support and general consulting services.
- Exploration expenditures of \$138,963 (2020 - \$34,435) related to exploration work done on the Don Gregorio, Esperanza, and Pucarini properties.
- Management fees of \$48,000 (2020 - \$30,000) are fees to the Chief Executive Officer of the Company.
- Marketing fees of \$14,361 (2020 - \$5,000) includes fees paid to a consultant in preparation of marketing materials for the Company.
- Professional fees of \$59,784 (2020 - \$2,751) increased as the Company accrued increased accounting and legal fees for the preparation of listing.
- Travel fees of \$8 (2019 - \$3,474) decreased from less corporate travel due to COVID-19.

#### *Three months ended December 31, 2020 and 2019 (Unaudited)*

For the three months ended December 31, 2020, the Company recognized a comprehensive loss of \$319,135 (2019 - \$31,185). Significant variances in the comprehensive loss are as follows:

- Consulting fees of \$10,500 (2019 - \$nil) is associated with payments for financial reporting support and general consulting services.
- Exploration expenditures of \$203,743 (2019 - \$nil) related to exploration work done on the Esperanza, and Pucarini properties. This was higher in the current period as the Company invested in technical reporting.
- Management fees of \$24,000 (2019 - \$13,000) are fees to the Chief Executive Officer of the Company.
- Office and administration recovery of \$2,644 (2019 - expense of \$3,708) decreased due to the subsidiary Forte Cobre incurring a recovery from office expenses.
- Professional fees of \$65,001 (2019 - \$24,037) increased as the Company accrued accounting fees for the completion of an audit. This also includes an increase in legal fees expensed by the subsidiary.
- Travel fees of \$83 (2020 - \$11,540) decreased from less corporate travel due to COVID-19.
- Loan forgiven recovery of \$nil (2019 - \$27,331) was related to the settlement of an outstanding loan with a director of the Company.

#### *Years ended December 31, 2020 and 2019*

For the year ended December 31, 2020, the Company recognized a comprehensive loss of \$865,105 (2019 - \$90,038). Significant variances in the comprehensive loss are as follows:

- Consulting fees of \$25,750 (2019 - \$nil) is associated with payments for financial reporting support and general consulting services which increased following the initiation of the LOI in August 2020.

## Management's Discussion and Analysis

### For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019

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- Exploration expenditures of \$321,798 (2019 - \$10,976) related to exploration work done on the Don Gregorio, Esperanza, and Pucarini properties following the completion of the July Private Placement in July 2020 and acquisition of the Esperanza and Pucarini Projects in July 2020.
- Investor relations of \$9,300 (2019 - \$4,170) includes expenditures for its public relations and investor outreach activities.
- Management fees of \$78,000 (2019 - \$52,095) are fees to the Chief Executive Officer of the Company.
- Marketing fees of \$10,754 (2019 - \$4,000) includes fees paid to a consultant in preparation of marketing materials for the Company.
- Office and administration of \$14,603 (2019 - \$5,387) increased as the Company entered into a monthly rent sublease agreement as of January 1, 2020.
- Professional fees of \$93,072 (2019 - \$25,637) increased as the Company incurred accounting fees and auditor fees for the preparation of materials for a LOI with respect to a potential reverse takeover transaction with a public company. The LOI increased corporate activity also led to an increase in legal fees. The LOI was subsequently terminated.
- Share-based compensation of \$323,406 (2019 - \$nil) is recorded relative to the granting of stock options for management, directors, and consultants.
- Travel fees of \$4,559 (2019 - \$15,044) decreased from less corporate travel due to COVID-19.
- Recovery of transaction costs of \$25,000 (2019 - \$nil) refers to a non-refundable deposit that was received regarding the LOI agreement.
- Loan forgiven recovery of \$nil (2019 - \$27,331) was related to the settlement of an outstanding loan with a director of the Company.

## LIQUIDITY AND CAPITAL RESOURCES

To date, the Company has not yet realized profitable operations and has relied on debt and equity financings and trade credit to fund the losses. The Company currently requires additional financing to continue and, if additional financing is required, there can be no assurances that such financing will be available or if available, will be on reasonable terms. The Company's growth and success is dependent on additional external sources of financing.

### For the six months ended June 30, 2021 and 2020 (Unaudited)

#### *Cash and Working Capital*

As at June 30, 2021, the Company had cash of \$399,033 and working capital of \$342,273, compared with cash of \$777,359 and working capital of \$658,656 as of December 31, 2020.

#### *Cash Used in Operating Activities*

Cash used in operating activities during the six months ended June 30, 2021 was \$373,131 (2020 - \$126,703) resulting from a net loss of \$311,169 (2020 - \$89,123) and net of non-cash and working capital adjustments.

Overall, cash use has accelerated with the completion of the July Private Placement and acquisition of the Eperanza and Pucarini properties in 2020. The Company has increased its rate of investment on exploration expenditures and corporate activity.

### For the years ended December 31, 2020 and 2019

#### *Cash and Working Capital*

As at December 31, 2020, the Company had cash of \$777,359 and working capital of \$658,656, compared with cash of \$201,017 and working capital of \$145,053 as of the year ended December 31, 2019.

#### *Cash Used in Operating Activities*

Cash used in operating activities during the year ended December 31, 2020 was \$462,588 (2019 - \$104,594) resulting from a net loss of \$851,273 (2019 - \$89,428) and net of non-cash and working capital adjustments.

**Management’s Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

Overall, cash use has accelerated with the completion of the July Private Placement and acquisition of the Eperanza and Pucarini properties in 2020. The Company has increased its rate of investment on exploration expenditures and corporate activity.

*Cash Used in Investing Activities*

Cash used in investing activities during the year ended December 31, 2020 was \$224,600 (2019 - \$nil), of which \$150,000 (2019 - \$nil) was paid under execution of the SPA. The Company had funded Amaru and Cordillera (loan to vendors prior to the acquisition) in the amount of \$89,514 (2019 - \$nil) prior to the execution of the SPA. On execution of the SPA, the Company recognized cash from the acquisition of subsidiaries of \$14,914 (2019 - \$nil).

*Cash Generated by Financing Activities*

During the year ended December 31, 2020, cash provided from financing activities was \$1,277,590 (2019 - \$nil). The Company received \$1,353,262 (2019 - \$nil) in proceeds from issuance of shares from the July Private Placement and paid \$75,672 (2019 - \$nil) in share issue costs for finders’ fees.

*Requirement of Additional Equity Financing*

The Company has relied primarily on equity financings to date for its operations. The Company needs more funds to finance its exploration and development programs and ongoing operating costs. The Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions until such time that the Company becomes self-sustaining.

**RELATED PARTY TRANSACTIONS**

As at June 30, 2021 the Company is owed \$1,203 (Unaudited) (December 31, 2020 - \$18,441; December 31, 2019 - \$nil) included in accounts receivable from Pac Roots Cannabis Corp. (“Pac Roots”) a company of which the CEO is a former officer. The Company and Pac Roots entered into a sublease agreement with the effective date of January 1, 2020 and ending December 31, 2029. The sublease is terminable on 60 days’ notice.

On August 10, 2020, the Company received promissory notes from the CEO, Corporate Secretary, and Richard Osmond, director, each in the amount of \$30,000 (the “Promissory Notes”). The Promissory Notes accrue interest at a rate of 2% per annum and matures on July 10, 2023. The Promissory Notes are secured by 750,000 common shares and one-half share purchase warrants which entitle the holders to purchase common shares at a price of \$0.20 per share until August 10, 2023.

**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:

<b>Payments to key management personnel</b>	Six months ended June 30, 2021 (Unaudited)	Six months ended June 30, 2020 (Unaudited)	Year ended December 31, 2020	Year ended December 31, 2019
Consulting fees – Red Fern Consulting Ltd., a company in which the CFO, Samantha Shorter, has a significant investment	\$ 21,000	\$ -	\$ 15,750	\$ -
Marketing and investor relations – Dalair Corporate Services Inc., a company owned by the Corporate Secretary, Anna Dalair	3,000	-	-	-
Management fees – Patrick Elliott	48,000	30,000	78,000	52,095
Share-based compensation	-	-	102,669	-

**Management's Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

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**Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Proposed Transactions**

The Company has entered into an agreement with Haywood Securities Inc. ("Agent") to act as lead agent and sole bookrunner for the Company in connection with the initial public offering ("Offering") of the Company and concurrent listing of the common shares in the capital of the Company on the Canadian Securities Exchange.

The proposed offering will be for an aggregate of 8,333,333 units (each a "Unit") at an offering price of \$0.30 per Unit ("Offering") for gross proceeds of \$2,500,000. Each Unit consists of one common share and one share purchase warrant. Each whole warrant will be exercisable for a period of 36 months at a price of \$0.50 per share. The Company has granted to the Agent an over-allotment option, exercisable at any time up to the closing date, to sell up to a further 15% of the Units sold pursuant to the Offering, at the Offering Price.

The Company will pay the Agent a commission of 7% of the gross proceeds of the Offering, excluding gross proceeds from Units to purchasers on a president's list, in respect of which the Agent's commission will be equal to 3% of the gross proceeds of such sales. Additionally, the Agent will be paid a fee of \$40,000 of which \$25,000 is payable in cash and \$15,000 is payable through the issuance of Units. The Agent will also receive the same compensation rates in agent warrants ("Agent's Warrants"). Each Agent's Warrant will be exercisable at a price of \$0.30 per Unit for a period of 12 months following the closing date of the Offering and have the same terms as the Offering units.

**Financial Risk Management**

The Company's financial instruments are exposed to the following risks:

*Credit risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents and amount due from a related party included in receivables, amounting to \$400,236 as at June 30, 2021 (Unaudited) (December 31, 2020 – \$795,800). As the Company's policy is to limit cash holdings to instruments issued by major Canadian and Peruvian banks, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

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

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at June 30, 2021, the Company had working capital of \$342,273 (Unaudited) (December 31, 2020 – \$658,656). The Company's financial obligations are limited to accounts payable and accrued liabilities and loans payable, all of which have contractual maturities of less than a year.

*Interest rate risk*

The Company's financial asset exposed to interest rate risk consists of cash and cash equivalents. Management believes the interest rate risk is low given the current low global interest rate environment. As at June 30, 2021 and December 31, 2020, the Company maintained all of its cash balance on deposit with a major Canadian and a major Peruvian bank.

**Management's Discussion and Analysis**  
**For the six months ended June 30, 2021 and years ended December 31, 2020 and 2019**

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*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 June 30, 2021, the Company held cash of US\$71,951 (Unaudited). A 10% movement in the foreign exchange rate would have impacted the net loss by approximately \$6,541 (Unaudited). As at December 31, 2020, the Company held cash of US\$137,850. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately \$12,500. Foreign currency risk will have an impact the Company's net loss and net financial instruments.

**OUTSTANDING SHARE DATA**

The Company's authorized capital is unlimited common shares without par value. As at October 18, 2021, the following common shares, options and share purchase warrants were outstanding:

	October 18, 2021	June 30, 2021	December 31, 2020
Common shares	27,128,587	27,128,587	27,128,587
Stock options	3,150,000	3,150,000	3,150,000
Warrants	<u>6,138,593</u>	<u>6,138,593</u>	<u>6,138,593</u>
Fully diluted	<u>36,417,180</u>	<u>36,417,180</u>	<u>36,417,180</u>

**TECHNICAL CONTENT**

Paul Johnston, P.Geo., a director of the Company and a Qualified Person under the meaning of Canadian National Instrument 43-101, has reviewed and approved the technical content of this Management's Discussion and Analysis.

**APPROVAL**

This MD&A was approved and authorized by the Board on October 18, 2021.

**SCHEDULE "D" – FINANCIAL STATEMENTS OF CORDILLERA**

**Audited financial statements for the six months ended June 30, 2020 and unaudited financial statements for the year ended December 31, 2019 of Cordillera**

**CORDILLERA RESOURCES S.A.C.**

**FINANCIAL STATEMENTS**  
**(Expressed in United States Dollars)**

**YEAR ENDED DECEMBER 31, 2019 (UNAUDITED) AND**  
**SIX MONTHS ENDED JUNE 30, 2020**



## Independent Auditor's Report

To the Directors of Cordillera Resources S.A.C.

### Opinion

We have audited the financial statements of Cordillera Resources S.A.C. ("the Company"), which comprise the statement of financial position as at June 30, 2020 and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

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

### Other Information

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

- Management's Discussion and Analysis

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

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

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

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

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

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada  
October 18, 2021**

**CORDILLERA RESOURCES S.A.C.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in United States Dollars)  
**AS AT**

	June 30, 2020	December 31, 2019 (Unaudited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 3,119	\$ 3,260
Accounts receivable	406	123
<b>Total assets</b>	<b>\$ 3,525</b>	<b>\$ 3,383</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 677	\$ -
Shareholder advances (Note 5)	138,300	138,300
	138,977	138,300
<b>Shareholders' deficiency</b>		
Share capital (Note 6)	358	358
Deficit	(135,810)	(135,275)
	(135,452)	(134,917)
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 3,525</b>	<b>\$ 3,383</b>

Nature of operations and going concern (Note 1)  
Subsequent event (Note 11)

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

**CORDILLERA RESOURCES S.A.C.**

## STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in United States Dollars)

	Six months ended June 30, 2020	Year ended December 31, 2019 (Unaudited)
<b>EXPENSES</b>		
Exploration and evaluation expenditures (Note 4)	\$ -	\$ 33,956
Foreign exchange	35	107
Professional fees	<u>500</u>	<u>871</u>
<b>Loss and comprehensive loss for the period</b>	<u>\$ (535)</u>	<u>\$ (34,934)</u>
<b>Basic and diluted loss per common share</b>	<u>\$ (0.54)</u>	<u>\$ (34.93)</u>
<b>Weighted average number of common shares outstanding basic and diluted</b>	<u>1,000</u>	<u>1,000</u>

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

**CORDILLERA RESOURCES S.A.C.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in United States Dollars)

	Six months ended June 30, 2020	Year ended December 31, 2019 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (535)	\$ (34,934)
Changes in non-cash working capital items:		
Accounts receivable	(283)	100
Accounts payable and accrued liabilities	677	-
Net cash used in operating activities	(141)	(34,834)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shareholder advances	-	33,300
Net cash provided by financing activities	-	33,300
<b>Change in cash for the period</b>	<b>(141)</b>	<b>(1,534)</b>
<b>Cash, beginning of period</b>	<b>3,260</b>	<b>4,794</b>
<b>Cash, end of period</b>	<b>\$ 3,119</b>	<b>\$ 3,260</b>

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

**CORDILLERA RESOURCES S.A.C.)****STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**

(Expressed in United States Dollars)

	<u>Share Capital</u>			
	<u>Number</u>	<u>Amount</u>	<u>Deficit</u>	<u>Total</u>
<b>Balance, December 31, 2018 (unaudited)</b>	1,000	\$ 358	\$ (100,341)	\$ (99,983)
Comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(34,934)</u>	<u>(34,934)</u>
<b>Balance, December 31, 2019 (unaudited)</b>	1,000	358	(135,275)	(134,917)
Comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(535)</u>	<u>(535)</u>
<b>Balance, June 30, 2020</b>	1,000	\$ 358	\$ (135,810)	\$ (135,452)

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

# **CORDILLERA RESOURCES S.A.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

**For the six months ended June 30, 2020 and year ended December 31, 2019 (unaudited)**

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Cordillera Resources S.A.C. (the “Company” or “Cordillera”) is a mining exploration company focused on copper and gold in Peru. Cordillera was incorporated on December 6, 2013 in Lima, Peru. 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 Calle Cumbibira, Mza M, Urb. La Capullana, Distrito de Santiago de Surco.

All amounts are expressed in United States dollars.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a working capital deficiency of \$135,452 and had an accumulated deficit of \$135,810 as at June 30, 2020. The Company’s ability to continue as a going concern is dependent upon its ability to obtain necessary financing 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 financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

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

As at June 30, 2020, the Company’s ultimate parent company was Globetrotters Resource Group Inc. (“Globetrotters”), a private company incorporated under the laws of British Columbia, Canada. In July 2020, Forte Minerals Corp. (“Forte”) acquired Cordillera from Globetrotters by way of purchase of 100% interest in the shares of Cordillera (Note 11).

### **2. BASIS OF PREPARATION**

#### **Basis of presentation**

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

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

The Directors of the Company approved these financial statements and authorized them for issue on October 18, 2021.

#### **Use of judgments and estimates**

The preparation of these 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 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.



## **CORDILLERA RESOURCES S.A.C.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

**For the six months ended June 30, 2020 and year ended December 31, 2019 (unaudited)**

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

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

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

- 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).

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

##### **Exploration and evaluation**

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

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

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

# CORDILLERA RESOURCES S.A.C.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States Dollars)

**For the six months ended June 30, 2020 and year ended December 31, 2019 (unaudited)**

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### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

#### **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 statements of loss.

##### *Amortized cost*

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

##### Financial liabilities

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

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

##### 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.

## **CORDILLERA RESOURCES S.A.C.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

**For the six months ended June 30, 2020 and year ended December 31, 2019 (unaudited)**

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

##### **Loss per share**

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of potentially dilutive instruments 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 there are no other outstanding instruments.

##### **Income taxes**

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

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

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

##### **Provisions**

Provisions are recorded when a present legal 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.

##### **Foreign currency translation**

These financial statements are presented in United States dollars. The functional currency and reporting currency of the Company is the United States dollar. Accordingly, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the statement of financial position date while non-monetary assets and liabilities denominated in a foreign currency are translated at historic rates. Revenue and expense items denominated in a foreign currency are translated at exchange rates prevailing when such items are recognized in the statement of loss and comprehensive loss. Exchange gains or losses on translation of foreign currency items are included in profit or loss.

**CORDILLERA RESOURCES S.A.C.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States Dollars)

**For the six months ended June 30, 2020 and year ended December 31, 2019 (unaudited)****4. EXPLORATION AND EVALUATION ASSETS****Mineral property title**

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.

**Pucarini, Peru**

The Company owns 100% of the Pucarini Project.

**Exploration expenditures**

The Company expended the following exploration and evaluation expenditures:

	Six months ended June 30, 2020	Year ended December 31, 2019 (Unaudited)
Camp accommodations and travel	\$ -	\$ 377
Community relations	-	33,471
Field office	-	108
Total	\$ -	\$ 33,956

**5. SHAREHOLDER ADVANCES**

The Company's former majority shareholder, Globetrotters, advanced funds to the Company on an interest-free basis for operational purposes. The advances were unsecured with no fixed terms of prepayment. As part of the acquisition of the Company by Forte (Note 11), the shareholder advances were converted to share capital of Cordillera.

**6. SHARE CAPITAL**

The Company's authorized share capital consists of unlimited common shares without par value. At June 30, 2020, the Company had 1,000 (December 31, 2019 – 1,000) shares issued and outstanding.

**7. RELATED PARTY TRANSACTIONS**

The Company's related parties include key management personnel and directors. The Company has a contracted general manager which oversees the activities of the Company. There was no remuneration paid to the Company's key management personnel during the periods presented.

**CORDILLERA RESOURCES S.A.C.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States Dollars)

**For the six months ended June 30, 2020 and year ended December 31, 2019 (unaudited)****8. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Six months ended June 30, 2020	Year ended December 31, 2019 (Unaudited)
Income before income tax	\$ (535)	\$ (34,934)
Statutory income tax rate	<u>29.50%</u>	<u>29.50%</u>
Expected income tax recovery	\$ (158)	\$ (10,306)
Changes in benefits not recognized	<u>158</u>	<u>10,306</u>
Income tax expense (recovery)	<u>\$ -</u>	<u>\$ -</u>

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. As at June 30, 2020, the Company has available for deduction against future taxable income non-capital losses of approximately \$11,932 in Peru. If these losses are not used to offset future income, they will begin to expire in part in the year ended December 31, 2023; the Company intends to carry forward income tax losses indefinitely which will be available to offset any given year's taxable income by 50%.

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

Cash, accounts receivable, and accounts payable and accrued liabilities and shareholder advances 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 due to the short-term nature of the financial instruments.

**Financial risk factors***Credit risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash. As the Company's policy is to limit cash holdings to instruments issued by major Peruvian banks, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's financial obligations are limited to accounts payable and accrued liabilities and shareholder advances, all of which have contractual maturities of less than a year. The Company is reliant on major shareholders to support its operations.

*Interest rate risk*

The Company's financial asset exposed to interest rate risk consists of cash. As at June 30, 2020, the Company's maintained all of its cash balance on deposit with a major Peruvian bank and was not accruing interest income.

*Foreign currency risk*

The Company has minimal working capital balances in the periods presented which are maintained in United States dollars and Peruvian soles. Funding is provided in United States dollars on an as-needed basis in accordance with prevailing exchange rates.

**CORDILLERA RESOURCES S.A.C.**

**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in United States Dollars)

**For the six months ended June 30, 2020 and year ended December 31, 2019 (unaudited)**

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**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' deficiency of \$135,452 (December 31, 2019 – \$134,917 (unaudited)). 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 June 30, 2020.

**11. SUBSEQUENT EVENT**

In July 2020, Forte acquired Cordillera from Globetrotters by way of purchase of 100% interest in the shares of Cordillera.

**SCHEDULE "E" – MD&A OF CORDILLERA**

**Management's discussion and analysis for the six months ended June 30, 2020 and for the year ended December 31, 2019 of Cordillera**

**CORDILLERA RESOURCES S.A.C.  
FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE  
SIX MONTHS ENDED JUNE 30, 2020  
AND  
YEAR ENDED DECEMBER 31, 2019**

**300 – 1055 West Hastings  
VANCOUVER, B.C. V6Z 1S4**



**Management's Discussion and Analysis**  
**For the six months ended June 30, 2020 and year ended December 31, 2019**  
**Presented in United States dollars**

The following discussion and analysis, prepared as of October 18, 2021, should be in conjunction with the Company's audited financial statements for the six months ended June 30, 2020 and unaudited financial statements for the year ended December 31, 2019. All financial information in this document is prepared in accordance with International Financial Reporting Standards. All amounts are stated in United States dollars unless otherwise indicated.

**FORWARD LOOKING STATEMENTS**

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting timelines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper, gold and other commodity prices;
- the availability of financing for the Company's development of the projects on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff and consultants.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity and, particularly, copper and gold prices, access to skilled exploration personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.**

**DESCRIPTION OF BUSINESS**

Cordillera Resources S.A.C. (the "Company" or "Cordillera") is a mining exploration company focused on copper and gold in Peru. Cordillera was incorporated on December 6, 2013. 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 Calle Cumbibira, Mza M, Urb. La Capullana, Distrito de Santiago de Surco.

**OVERALL PERFORMANCE AND HIGHLIGHTS**

To date, the Company has not yet realized profitable operations and has relied on shareholder advances to fund the losses. The Company recognized a comprehensive loss of \$535 (Year ended December 31, 2019 – \$34,934 (unaudited)) during the six months ended June 30, 2020.

**Management’s Discussion and Analysis**  
**For the six months ended June 30, 2020 and year ended December 31, 2019**  
**Presented in United States dollars**

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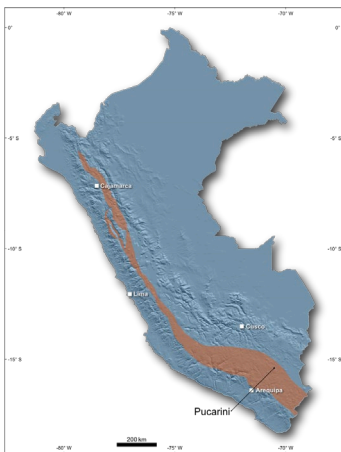
*Pucarini Project*

Cordillera owns 17,100 hectares as the Pucarini gold project. The claims are 100% owned. The project is subject to a 1% NSR.

**EXPLORATION AND EVALUATION ASSETS**

*Pucarini Project, Peru*

Pucarini is an early-stage, high-sulfidation gold project located in Lampa Province, Department of Puno. The 1,000 ha concession is 43 km from Juliaca, the region’s largest commercial centre and 830 km southeast of Lima. The property is 100% owned by Cordillera as of February 26, 2020 with a 1% Net Smelter Return royalty held by GlobeTrotters Resource Group Inc.



*Figure 1. Location of the Pucarini Project, Peru. The project is in the southern segment of the Miocene magmatic belt (shown as an orange band), which is the host to large Miocene high-sulfidation gold deposits in northern Peru including Pierina, Yanacocha, and Alto Chicama.*

GlobeTrotters Resources Peru S.A.C. acquired the property through the Peruvian auction process in 2018 and transferred ownership to Cordillera in 2020. Prior to GlobeTrotters’ exploration activity, Teck Resources Peru S.A.C. carried out preliminary mapping and sampling programs between 2011 and 2015 before relinquishing the property. No drilling has been completed to date. Cordillera was acquired by Forte Minerals Corp. in July 2020 and continued exploration by completing magnetic, induced polarization and resistivity geophysical surveys, geological mapping, outcrop sampling, and a soil geochemical survey.

The property is underlain by a thick volcanic succession comprised of Miocene andesite to dacite pyroclastic and lava assigned to the Sillapaca Formation. Geological mapping outlined extensive argillic hydrothermal alteration measuring approximately 3 x 4 km, which encloses smaller zones of advanced argillic alteration. Outcrop sampling indicates gold mineralization is associated with quartz veining, hydrothermal breccia veins and dikes, and advanced argillic alteration. Geological, geophysical, and geochemical evidence combine to establish drill targets at 100 to 250 metres below surface across the property. The targets can be tested by an initial 1,000 drill program.

**Management's Discussion and Analysis**  
**For the six months ended June 30, 2020 and year ended December 31, 2019**  
**Presented in United States dollars**

**Exploration expenditures**

The Company incurred the following exploration expenditures:

	Six months ended June 30, 2020	Year ended December 31, 2019 (Unaudited)
Camp accommodations and travel	\$ -	\$ 377
Community relations	-	33,471
Field office	-	108
<b>Total</b>	<b>\$ -</b>	<b>\$ 33,956</b>

The Pucarini Project was had relatively minimal activity over the periods presented with expenditures focused on maintaining and enhancing community relations.

**SUMMARY OF FINANCIAL RESULTS**

	June 30, 2020	December 31, 2019 (Unaudited)
Net loss for the period	\$ (535)	\$ (34,934)
Comprehensive loss for the period	(535)	(34,934)
Basic and diluted loss per share	(0.54)	(34.93)
Total assets	3,525	3,383
Total liabilities	138,977	138,300

The Company has not previously prepared financial reporting information and therefore cannot provide historic quarterly information in addition to the information presented.

Over the periods presented, the Company has focused on maintaining the Pucarini Project and enhancing community relations.

**LIQUIDITY AND CAPITAL RESOURCES**

To date, the Company has not yet realized profitable operations and has relied on shareholder advances to fund the losses. The Company currently requires additional financing to continue and, if additional financing is required, there can be no assurances that such financing will be available or if available, will be on reasonable terms. The Company's growth and success is dependent on additional external sources of financing and/or developing a commercially viable project.

**RELATED PARTY TRANSACTIONS**

The Company's related parties include key management personnel and directors. The Company has a contracted general manager which oversees the activities of the Company. There was no remuneration paid to the Company's key management personnel during the periods presented.

**Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Management's Discussion and Analysis**  
**For the six months ended June 30, 2020 and year ended December 31, 2019**  
**Presented in United States dollars**

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**Proposed Transactions**

There are no proposed transactions.

**Financial Risk Management**

The Company's financial instruments are exposed to the following risks:

*Credit risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash. As the Company's policy is to limit cash holdings to instruments issued by major Peruvian banks, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's financial obligations are limited to accounts payable and accrued liabilities and shareholder advances, all of which have contractual maturities of less than a year. The Company is reliant on major shareholders to support its operations.

*Interest rate risk*

The Company's financial asset exposed to interest rate risk consists of cash. As at June 30, 2020, the Company's maintained all of its cash balance on deposit with a major Peruvian bank and was not accruing interest income.

*Foreign currency risk*

The Company has minimal working capital balances in the periods presented which are maintained in United States dollars and Peruvian soles. Funding is provided in United States dollars on an as-needed basis in accordance with prevailing exchange rates.

**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' deficiency of \$135,452 (December 31, 2019 – \$134,917 (unaudited)). 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 June 30, 2020.

The Company's authorized share capital consists of unlimited common shares without par value. At June 30, 2020, the Company had 1,000 (December 31, 2019 – 1,000) shares issued and outstanding. Subsequent to June 30, 2020, the Company issued 467,039 shares in settlement of shareholder advances. The Company currently has 468,039 common shares outstanding.

**TECHNICAL CONTENT**

Paul Johnston, P. Geo., an advisor to the Company and a Qualified Person under the meaning of Canadian National Instrument 43-101, has reviewed and approved the technical content of this Management's Discussion and Analysis

**APPROVAL**

This MD&A was approved and authorized by the Board on October 18, 2021

## SCHEDULE "F"

### AUDIT COMMITTEE CHARTER

#### **1.0 Purpose of the Committee**

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

#### **2.0 Members of the Committee**

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under NI 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under NI 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

#### **3.0 Meeting Requirements**

3.1 The Audit Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically and shall be at such times and places as the Audit Committee determines. Without meeting, the Audit Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Audit Committee shall constitute a quorum.

#### **4.0 Duties and Responsibilities**

4.1 The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;

- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying MD&A, including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;

- (o) review and monitor all related party transactions which may be entered into by the Company; and
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

## **5.0 *Miscellaneous***

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Audit Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Audit Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

## CERTIFICATE OF THE COMPANY

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated Prospectus as required by the securities legislation of each of the Provinces of Canada, except Quebec.

October 20, 2021  
Vancouver, British Columbia

(Signed) "*Patrick Elliott*"  
Chief Executive Officer  
Forte Minerals Corp.

(Signed) "*Samantha Shorter*"  
Chief Financial Officer  
Forte Minerals Corp.

On behalf of the Board of Directors

(Signed) "*Douglas Turnbull*"  
Director  
Forte Minerals Corp.

(Signed) "*Richard Osmond*"  
Director  
Forte Minerals Corp.



## CERTIFICATE OF THE PROMOTERS

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated Prospectus as required by the securities legislation of each of the Provinces of Canada except Quebec.

October 20, 2021  
Vancouver, British Columbia

(Signed) "*Patrick Elliott*"  
Patrick Elliott

## CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated Prospectus as required by the securities legislation of each of the Provinces of Canada, except Quebec.

October 20, 2021  
Vancouver, British Columbia

**HAYWOOD SECURITIES INC.**

*"David Taylor"*

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Associate, Corporate Finance