

FORTE MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

FORTE MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

AS AT

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current		
Cash	\$ 239,069	\$ 777,359
Accounts receivable (Note 7)	6,573	24,813
Prepaid expenses	-	3,000
Interest receivable (Note 3)	<u>550</u>	<u>940</u>
	246,192	806,112
Deferred financing costs (Note 10)	123,003	-
Notes receivable (Note 3)	122,400	120,000
Exploration and evaluation assets (Note 5)	<u>948,798</u>	<u>948,798</u>
Total assets	<u>\$ 1,440,393</u>	<u>\$ 1,874,910</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 68,542	\$ 128,536
Loans payable (Note 4)	<u>17,837</u>	<u>18,920</u>
	<u>86,379</u>	<u>147,456</u>
Shareholders' equity		
Share capital (Note 6)	4,241,350	4,241,350
Accumulated other comprehensive loss	(23,684)	(14,442)
Reserves	323,406	323,406
Deficit	<u>(3,187,058)</u>	<u>(2,822,860)</u>
	<u>1,354,014</u>	<u>1,727,454</u>
Total liabilities and shareholders' equity	<u>\$ 1,440,393</u>	<u>\$ 1,874,910</u>

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on November 22, 2021.

"Patrick Elliott"

Director

"Douglas Turnbull"

Director

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

FORTE MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30,

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
EXPENSES				
Consulting (Note 7)	\$ 10,500	\$ 15,250	\$ 31,500	\$ 15,250
Exploration and evaluation expenditures (Note 5)	5,329	83,620	144,292	118,055
Filing fees	5,000	-	5,000	-
Foreign exchange	(7,446)	(3,686)	6,397	(1,083)
Investor relations	2,150	2,300	9,997	7,300
Management fees (Note 7)	24,000	24,000	72,000	54,000
Marketing	2,500	3,754	16,861	8,754
Office and administration	(1,241)	11,387	7,312	17,247
Professional fees	13,057	25,320	72,841	28,071
Share-based compensation	-	323,406	-	323,406
Travel	3	1,002	8	4,476
Total expenses	(53,852)	(486,353)	(366,208)	(575,476)
Other income				
Recovery of transaction costs	-	25,000	-	25,000
Interest income	1,418	335	2,010	335
Net loss	(52,434)	(461,018)	(364,198)	(550,141)
Other comprehensive loss				
Foreign exchange on translation	(11,206)	5,372	(9,242)	4,171
Comprehensive loss for the period	\$ (63,640)	\$ (455,646)	\$ (373,440)	\$ (545,970)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.04)
Weighted average number of common shares outstanding				
- basic and diluted	27,128,587	23,131,717	27,128,587	14,310,486

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

FORTE MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (364,198)	\$ (550,141)
Item not involving the use of cash:		
Unrealized foreign exchange	(1,083)	491
Interest income	(2,010)	(335)
Share-based payments	-	323,406
Changes in non-cash working capital items:		
Accounts receivable	17,870	(17,079)
Accounts payable and accrued liabilities	(96,248)	64,822
Prepaid expenses	3,000	(18,000)
Net cash used in operating activities	<u>(442,669)</u>	<u>(196,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash from acquisition of subsidiaries	-	18,677
Cash paid to acquire subsidiaries	-	(150,000)
Exploration and evaluation asset	-	(758)
Loan to vendors prior to acquisition	-	(89,514)
Net cash used in investing activities	<u>-</u>	<u>(221,595)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	-	1,353,262
Share issue costs paid	-	(75,672)
Deferred financing costs	(86,499)	-
Net cash used in financing activities	<u>(86,499)</u>	<u>1,277,590</u>
Effect of foreign exchange on cash	<u>(9,122)</u>	<u>4,171</u>
Change in cash for the period	(538,290)	863,330
Cash, beginning of period	<u>777,359</u>	<u>201,017</u>
Cash, end of period	<u>\$ 239,069</u>	<u>\$ 1,064,347</u>

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

FORTE MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Accumulated Other Comprehensive Loss</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>				
Balance, December 31, 2019	9,851,401	\$ 2,243,760	\$ (610)	\$ -	\$ (1,971,587)	\$ 271,563
Private placement	11,277,186	1,353,262	-	-	-	1,353,262
Share issue costs	-	(75,672)	-	-	-	(75,672)
Share-based compensation	-	-	-	323,406	-	323,406
Shares issued for acquisition of subsidiaries	5,000,000	600,000	-	-	-	600,000
Shares issued on promissory notes	1,000,000	120,000	-	-	-	120,000
Comprehensive loss for the period	-	-	4,171	-	(550,141)	(545,970)
Balance, September 30, 2020	27,128,587	4,241,350	3,561	323,406	(2,521,728)	2,046,589
Comprehensive loss for the period	-	-	(18,003)	-	(301,132)	(319,135)
Balance, December 31, 2020	27,128,587	4,241,350	(14,442)	323,406	(2,822,860)	1,727,454
Comprehensive loss for the period	-	-	(9,242)	-	(364,198)	(373,440)
Balance, September 30, 2021	27,128,587	\$ 4,241,350	\$ (23,684)	\$ 323,406	\$ (3,187,058)	\$ 1,354,014

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

FORTE MINERALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

NINE MONTHS ENDED SEPTEMBER 30, 2021

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 \$159,813 and had an accumulated deficit of \$3,187,058 as at September 30, 2021. The Company reported a net loss of \$364,198 for the nine months ended September 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

NINE MONTHS ENDED SEPTEMBER 30, 2021

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

NINE MONTHS ENDED SEPTEMBER 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 escrow, to be released only once the Promissory Notes are repaid in full. If the Promissory Notes are not repaid in full by July 10, 2023, the securities held in escrow will be cancelled.

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

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

- (1) After the first anniversary date of the promissory note July 10, 2021, but before the second anniversary date of the promissory note on July 10, 2022, the Payor shall have the right to prepay up to a maximum aggregate amount of \$15,000 towards the principal amount owing under the promissory note.
- (2) From and after the second anniversary date of the promissory note on July 10, 2022, but before the third anniversary date of the promissory note on July 10, 2023, the Payor shall have the right to prepay up to a maximum aggregate amount of \$15,000 towards the principal amount owing under the promissory note.

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

	September 30, 2021	December 31, 2020
Balance, beginning of period	\$ 120,940	\$ -
Funds advanced	-	120,000
Interest accrued	<u>2,010</u>	<u>940</u>
Balance, end of period	<u>\$ 122,950</u>	<u>\$ 120,940</u>

4. LOANS PAYABLE

Loans payable	
Balance, December 31, 2019	\$ 19,278
Foreign exchange	<u>(358)</u>
Balance, December 31, 2020	18,920
Foreign exchange	<u>(1,083)</u>
Balance, September 30, 2021	<u>\$ 17,837</u>

FORTE MINERALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

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NINE MONTHS ENDED SEPTEMBER 30, 2021

4. LOANS PAYABLE (cont'd...)

The amounts are non-interest bearing and unsecured. Loans totaling \$12,741 (December 31, 2020 - \$13,514) were payable upon the close of a private placement at \$0.05 per share. Loans totaling \$5,096 (December 31, 2020 - \$5,406) are payable upon the Company listing on a stock exchange or acquisition by a reporting issuer.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

NINE MONTHS ENDED SEPTEMBER 30, 2021**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Esperanza and Pucarini, Peru (cont'd...)**

The acquisitions were allocated as follows:

	Amaru, Peru	Cordillera, Peru
Consideration paid		
Cash	\$ 75,000	\$ 75,000
Shares	<u>300,000</u>	<u>300,000</u>
Total consideration paid	<u>\$ 375,000</u>	<u>\$ 375,000</u>

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

Mineral Property Interests

Details of mineral property balances are as follows:

	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Balance, December 31, 2019	\$ -	\$ -	\$ 126,510	\$ 126,510
Additions	<u>374,606</u>	<u>447,682</u>	<u>-</u>	<u>822,288</u>
Balance, December 31, 2020 and September 30, 2021	<u>\$ 374,606</u>	<u>\$ 447,682</u>	<u>\$ 126,510</u>	<u>\$ 948,798</u>

FORTE MINERALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

NINE MONTHS ENDED SEPTEMBER 30, 2021**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Exploration expenditures**

The Company expended the following exploration and evaluation expenditures:

For the nine months ended September 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	13,592	-	15,124
Field office	10,334	25,831	-	36,165
Geological	-	10,712	-	10,712
Property costs	-	34,307	28,875	63,182
Total, September 30, 2021	\$ 11,866	\$ 103,551	\$ 28,875	\$ 144,292

For the nine months ended September 30, 2020	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Camp accommodations and travel	\$ -	\$ 3,113	\$ -	\$ 3,113
Community relations	22,077	14,023	-	36,100
Field office	795	25,098	5,362	31,255
Geological	688	6,760	6,376	13,824
Property fee	-	-	34,435	34,435
Recoveries	(672)	-	-	(672)
Total, September 30, 2020	\$ 22,888	\$ 48,994	\$ 46,173	\$ 118,055

6. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Period ended September 30, 2021

The Company did not complete any private placements in the period ended September 30, 2021.

FORTE MINERALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

NINE MONTHS ENDED SEPTEMBER 30, 2021**6. SHARE CAPITAL (cont'd...)**

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

Year ended December 31, 2020

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

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

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 September 30, 2021	<u>3,150,000</u>	<u>\$ 0.12</u>

Stock options outstanding as at September 30, 2021:

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

⁽¹⁾ The outstanding stock options were granted prior to adoption of the Plan and currently exceed the amount issuable under the Plan, but upon completion of the Minimum Offering (Note 10) will be within the permitted limit. In the event that the Minimum Offering is not achieved, the outstanding options will be cancelled.

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NINE MONTHS ENDED SEPTEMBER 30, 2021**6. SHARE CAPITAL (cont'd...)**

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 September 30, 2021	<u>6,138,593</u>	<u>\$ 0.20</u>

Warrants outstanding as at September 30, 2021:

Number of Warrants	Exercise Price	Expiry Date
5,638,593	\$ 0.20	July 17, 2023
<u>500,000</u>	<u>\$ 0.20</u>	<u>August 10, 2023</u>
<u>6,138,593</u>		

7. RELATED PARTY TRANSACTIONS

As at September 30, 2021 the Company is owed \$Nil (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. In the period ended September 30, 2021, the Company issued notice on the sublease for termination in November 2021.

Management Compensation

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

Payments to key management personnel	2021	2020
Consulting fees	\$ 31,500	\$ 5,250
Marketing and investor relations	\$ 9,000	\$ -
Management fees	\$ 72,000	\$ 54,000
Share-based compensation	\$ -	\$ 102,669

The Company has certain Promissory Notes due from related parties (Note 3).

FORTE MINERALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

NINE MONTHS ENDED SEPTEMBER 30, 2021

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 \$239,069 at September 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 September 30, 2021, the Company had working capital of \$159,813 (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 September 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 September 30, 2021, the Company held cash of US\$59,286. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately \$5,929. Foreign currency risk will have an impact the Company's net loss and net financial instruments.

FORTE MINERALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

NINE MONTHS ENDED SEPTEMBER 30, 2021

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 \$1,354,014 (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 September 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 a minimum of 8,333,333 units (each a "Unit") at an offering price of \$0.30 per Unit ("Minimum Offering") to a maximum of 13,333,333 Units. 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 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.

As at September 30, 2021, the Company had incurred costs of \$123,003 (December 31, 2020 - \$Nil) related to the Offering capitalized as deferred financing costs.