CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

		September 30, 2022		December 31, 2021
ASSETS				
Current				
Cash	$	1,575,755	$	142,835
Accounts receivable		14,763		9,602
Prepaid expenses		93,358		-
Interest receivable (Note 4)		2,998		1,167
		1,686,874		153,604
Deferred financing costs (Note 7)		-		174,550
Notes receivable (Note 4)		122,400		122,400
Exploration and evaluation assets (Note 6)		948,798		948,798
Total assets	$	2,758,072	$	1,399,352
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 8)	$	79,348	$	175,000
Loans payable (Note 5)		-		17,748
		79,348		192,748
Shareholders' equity				
Share capital (Note 7)		6,608,564		4,241,350
Accumulated other comprehensive income (loss)		9,303		(23,396)
Reserves		499,695		323,406
Deficit		(4,438,838)		(3,334,756)
		2,678,724		1,206,604
Total liabilities and shareholders' equity	$	2,758,072	$	1,399,352

Nature of operations and going concern (Note 1)

Approved and authorized by the Board on November 23, 2022.

"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)

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
EXPENSES				
Consulting (Note 8)	$ 10,500	$ 10,500	$ 31,500	$ 31,500
Corporate development	25,000	-	66,667	-
Directors' fees	12,000	-	31,998	-
Exploration and evaluation expenditures (Notes 6 and 8)	126,055	5,329	381,368	144,292
Foreign exchange	39,173	(7,446)	36,805	6,397
Investor relations (Note 8)	23,557	2,150	76,602	9,997
Listing expenses	7,154	-	59,789	-
Management fees (Note 8)	33,750	24,000	98,000	72,000
Marketing (Note 8)	36,186	2,500	111,424	16,861
Office and administration (Note 8)	16,093	(1,241)	57,047	7,312
Professional fees	19,169	13,057	59,566	72,841
Share-based payments (Notes 7 and 8)	10,351	-	67,787	-
Transfer agent and filing fees	4,127	5,000	28,523	5,000
Travel	11,606	3	24,766	8
Total expenses	(374,721)	(53,852)	(1,131,842)	(366,208)
Other income				
Interest income	8,843	1,418	15,189	2,010
Recovery of accounts payable	-	-	12,571	-
	8,843	1,418	27,760	2,010
Net loss	(365,878)	(52,434)	(1,104,082)	(364,198)
Other comprehensive income (loss)				
Foreign exchange on translation	39,053	(11,206)	32,699	(9,242)
Comprehensive loss for the period	$ (326,825)	$ (63,640)	$ (1,071,383)	$ (373,440)
Basic and diluted loss per common share	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	36,761,920	27,128,587	35,915,034	27,128,587

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,

		2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	(1,104,082)	$	(364,198)
Items not involving the use of cash:				
Unrealized foreign exchange		-		(1,083)
Interest income		(1,831)		(2,010)
Recovery of accounts payable		(12,571)		-
Share-based payments		67,787		-
Changes in non-cash working capital items:				
Accounts receivable		(5,161)		17,870
Accounts payable and accrued liabilities		(14,333)		(96,248)
Prepaid expenses		(93,358)		3,000
Net cash used in operating activities		(1,163,549)		(442,669)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Offering (Note 7)		2,875,000		-
Share issue costs paid		(292,995)		-
Deferred financing costs		-		(86,499)
Loan repayment		(18,040)		-
Net cash provided by financing activities		2,563,965		(86,499)
Effect of foreign exchange on cash		32,504		(9,122)
Change in cash for the period		1,432,920		(538,290)
Cash, beginning of period		142,835		777,359
Cash, end of period	$	1,575,755	$	239,069
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-
Non-cash investing and financing activities:				
Agent's warrants issued as share issue costs	$	108,502	$	-

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

FORTE MINERALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital										
	Number		Amount		Accumulated Other Comprehensive Loss		Reserves		Deficit		Total
Balance, December 31, 2020	27,128,587	$	4,241,350	$	(14,442)	$	323,406	$	(2,822,860)	$	1,727,454
Comprehensive loss for the 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
Comprehensive loss for the period	-		-		288		-		(147,698)		(147,410)
Balance, December 31, 2021	27,128,587	$	4,241,350	$	(23,396)	$	323,406	$	(3,334,756)	$	1,206,604
Offering (Note 7)	9,583,332		2,875,000		-		-		-		2,875,000
Share issue costs	50,000		(399,284)		-		-		-		(399,284)
Agent Warrants (Note 7)	-		(108,502)		-		108,502		-		-
Share-based payments	-		-		-		67,787		-		67,787
Comprehensive loss for the period	-		-		32,699		-		(1,104,082)		(1,071,383)
Balance, September 30, 2022	36,761,919	$	6,608,564	$	9,303	$	499,695	$	(4,438,838)	$	2,678,724

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Forte Minerals Corp. (with its subsidiaries, collectively, the "Company" or "Forte") is a mining exploration company focused on copper and gold in Peru. Forte was incorporated under the *Company Act* (British Columbia) on March 1, 2011. The Company name was changed from Plan B Minerals Corp. to Forte Copper Corp. on April 20, 2018. On April 27, 2021, the Company changed its name to Forte Minerals Corp. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4. The Company's principal place of business is 108 – 744 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1A5. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "CUAU", the OTCQB under the symbol "FOMNF" and the Frankfurt Stock Exchange under the symbol "2OA".

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has working capital of $1,607,526 and had an accumulated deficit of $4,438,838 as at September 30, 2022. The Company reported a net loss of $1,104,082 for the nine months ended September 30, 2022. 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 condensed consolidated interim 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.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statement, including IAS 34, Interim Financial Reporting. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021, 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.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation and presentation (cont'd…)

These condensed consolidated interim financial statements include the accounts of the Company and its 100% controlled entities, Forte Cobre S.A.C. (a Peruvian corporation) ("Forte Cobre"), Amaru Resources S.A.C. (a Peruvian corporation) ("Amaru") and Cordillera Resources Peru S.A.C. (a Peruvian Corporation) ("Cordillera"). The functional currency of the parent company is the Canadian dollar and the Peruvian sol for its subsidiaries.

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Functional currency

  The functional currency of the Company and its subsidiary is the currency of their respective primary economic environment. 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).

- Impairment of exploration and evaluation assets

  The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

3. SIGNIFICANT ACCOUNTING POLICIES

Share-based payments

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

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

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

4. NOTES RECEIVABLE

On August 10, 2020, the Company received four (4) promissory notes (“Promissory Notes”). The Promissory Notes were provided as security against the purchase of 1,000,000 units (“Units") at $0.12 per 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 (“Unit Share”) and one-half purchase warrant. Each warrant entitles the holder to purchase a further common share at a price of $0.20 per share until August 10, 2023. The interest on the principal amount is at a rate of 2.00% per annum. The Promissory Notes are secured by the Unit Shares which are held in escrow, to be released proportionate to the principal balance of Promissory Notes repaid. If the Promissory Notes are not repaid in full by July 10, 2023, the remaining securities held in escrow will be cancelled.

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

(Expressed in Canadian Dollars)

4. NOTES RECEIVABLE (cont'd…)

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

		September 30, 2022		December 31, 2021
Balance, beginning of period	$	123,567	$	120,940
Capitalized interest		-		1,460
Interest receivable		1,831		1,167
Balance, end of period	$	125,398	$	123,567

5. LOANS PAYABLE

Loans payable		
Balance, December 31, 2020	$	18,920
Foreign exchange		(1,172)
Balance, December 31, 2021		17,748
Repayment		(18,040)
Foreign exchange		292
Balance, September 30, 2022	$	-

The amounts are non-interest bearing, due on demand and unsecured.

6. EXPLORATION AND EVALUATION ASSETS

Mineral property titles

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

Don Gregorio, Peru

The Company has an option to acquire a 60% interest on the Don Gregorio project from Candente Copper Corp. ("Candente"). The property is a gold and copper prospect in northern Peru. To maintain the option on the property, the Company has paid US$98,500 and must:

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.

(Expressed in Canadian Dollars)

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

Don Gregorio, Peru (cont'd…)

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. The Company paid $150,000 and issued 5,000,000 common shares valued at $600,000 as consideration for the SPA.

Amaru owns the Esperanza copper project. The claims are 100% owned. The project is subject to a 1% net smelter royalty ("NSR").

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

Mineral Property Interests

Details of mineral property balances are as follows:

	Esperanza Project, Peru	Pucarini Project, Peru	Don Gregorio, Peru	Total
Balance, December 31, 2020, December 31, 2021 and September 30, 2022	$ 374,606	$ 447,682	$ 126,510	$ 948,798

Exploration expenditures

The Company expended the following exploration and evaluation expenditures:

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

(Expressed in Canadian Dollars)

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

Exploration expenditures (cont'd…)

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

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Nine months ended September 30, 2022

On January 24, 2022, the Company completed an initial public offering ("Offering") and concurrent listing of the common shares in the capital of the Company on the CSE under the symbol "CUAU".

The Offering of 9,583,332 units (each a "Unit") at a price of $0.30 per Unit generated aggregate proceeds of $2,875,000. Each Unit consisted of one common share and one share purchase warrant. Each whole warrant is exercisable at a price of $0.50 per share until January 24, 2025.

The Company paid Haywood Securities Inc. (the "Agent") a cash commission of $167,014. Additionally, the Agent was paid a fee of $40,000 of which $25,000 was paid in cash and $15,000 was paid through the issuance of 50,000 Units. The Company issued 556,713 warrants to the Agent ("Agent Warrants") to acquire up to 556,713 Units at a price per Unit of $0.30 until January 24, 2023. The Agent Warrants were valued at $108,502 using the following assumptions: risk-free interest rate of 1.24%, expected volatility of 101.79%, expected life of 1 year and expected dividend yield of 0%.

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

Year ended December 31, 2021

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

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

b) Stock options

In May 2021, the Company adopted a stock option plan (the "Plan") which reserves for issuance 10% of the issued and outstanding common shares of the Company at the time of grant. The Plan follows the policies of the Canadian Securities Exchange. The term of an option shall not exceed 10 years from the date of grant.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2020 and 2021	3,150,000	$ 0.12
Granted	525,000	0.21
Balance outstanding September 30, 2022	3,675,000	$ 0.13
Balance exercisable September 30, 2022	3,543,750	$ 0.13

Stock options outstanding as at September 30, 2022:

	Number	Exercise price	Expiry date
Stock Options	525,000	$ 0.21	February 14, 2025
	3,150,000	$ 0.12	July 31, 2025
	3,675,000		

c) Share-based payments

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

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

	2022	2021
Share price on grant date	$0.21	-
Risk-free interest rate	1.59%	-
Expected life of options	3 years	-
Expected annualized volatility	104.08%	-
Dividend rate	-	-
Forfeiture rate	-	-

The Black-Scholes option valuation was done through a comparison of historical share price volatilities used by similar public companies in the mining industry. The average volatility of these public companies was 104.08%.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

d) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2020 and 2021	6,138,593	$	0.20
Issued	10,190,045		0.49
Balance outstanding and exercisable, September 30, 2022	16,328,638	$	0.35

Warrants outstanding as at September 30, 2022:

Number of Warrants		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
556,713	$	0.30	January 24, 2023[(1)]	0.32
5,638,593	$	0.20	July 17, 2023	0.79
500,000	$	0.20	August 10, 2023	0.86
9,633,332	$	0.50	January 23, 2025	2.32
16,328,638				1.68

[(1)] Agent Warrants to acquire Units which are comprised of one common share and one share purchase warrant exercisable at a price of $0.50 until January 23, 2025.

e) Escrow Shares

The Company had the following securities in escrow as at September 30, 2022:

- 5,564,585 common shares
- 718,750 warrants
- 975,000 stock options

Securities subject to the Escrow Agreement will be released pro rata to the holders as to 10% on the Listing Date and as to the remainder in six equal tranches of 15% every nine months thereafter for a period of 36 months, provided that securities also subject to the Management Escrow Agreement will only be released on the later of the date permitted by the Escrow Agreement or the Management Escrow Agreement. Shares subject to the Management Escrow Agreements will not be released until the Promissory Notes issued in favor of the Company are repaid in full.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

Management Compensation

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

Payments to key management personnel		For the nine months ended September 30, 2022		For the nine months ended September 30, 2021
Administration, marketing and investor relations	$	26,000	$	9,000
Consulting fees	$	31,500	$	31,500
Directors' fees	$	31,998	$	-
Exploration and evaluation expenditures	$	117,017	$	755
Management fees	$	98,000	$	72,000

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

As at September 30, 2022, the Company has $28,287 (December 31, 2021 - $45,648) owed to a Company controlled by a common director included in accounts payable and accrued liabilities. The Company had trade payables of $18,047 (December 31, 2021 - $Nil) due to directors and officers included in accounts payable and accrued liabilities. The balances owing are non-interest bearing, unsecured and payable on demand.

As at September 30, 2022 the Company owed $4,600 included in accounts payable and accrued liabilities (December 31, 2021 – $4,600) to Lords & Company Worldwide Holdings Inc. ("Lords") (formerly Pac Roots Cannabis Corp.) a company of which the CEO is a former officer. The balance owing is non-interest bearing, unsecured and payable on demand.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash, accounts receivable, interest receivable, notes receivable, accounts payable and accrued liabilities and loans payable are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value.

Financial risk factors

Credit risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and accounts receivable excluding GST refund, amounting to $1,603,669 at September 30, 2022 (December 31, 2021 – $146,594). As the Company's policy is to limit cash holdings to instruments issued by major Canadian and Peruvian banks, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

The Company is also subject to credit risk with respect to the Promissory Notes and interest receivable (Note 4). The Promissory Notes are secured by Unit Shares. The value of the Unit Shares can vary with the Company's share price and fluctuate relative to the receivable amount. However, the Promissory Notes are due from persons actively engaged with the Company and are considered low risk for collection.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors (cont'd…)

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, 2022, the Company had working capital of $1,607,526 (December 31, 2021 – working capital deficiency of $39,144). The Company's financial obligations are limited to accounts payable and accrued liabilities and loans payable, all of which have contractual maturities of less than a year.

Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. Management believes the interest rate risk is low given the current low global interest rate environment. As at September 30, 2022, the Company maintained all of its cash balance on deposit with a major Canadian and a major Peruvian bank.

Foreign currency risk

The Company has engaged a number of vendors in the pursuit of mineral exploration activities in Peru. As such, the Company is exposed to some foreign currency risk. Fluctuations in the exchange rate between the Canadian dollar, United States dollar and the Peruvian sol may have an adverse effect on the Company's business and costs to proceed with preferred vendors. The Company does not enter into any foreign exchange hedging contracts. Cash held in the Peruvian entities is generally held in US dollars and converted to soles as required. As at September 30, 2022, the Company held cash of US$13,000. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately $1,200. Foreign currency risk will have an impact the Company's net loss and net financial instruments.

10. CAPITAL MANAGEMENT

The Company's capital management objective is to maintain financial capacity that is strong to sustain the future development of the business.

The Company's capital structure includes shareholders' equity of $2,678,724 (December 31, 2021 – $1,206,604). The Company manages its capital structure to maximize its financial flexibility to adjust to changes in in economic conditions. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the period ended September 30, 2022.