FORTE
MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2023

smythe

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FORTE MINERALS CORP.

Opinion

We have audited the consolidated financial statements of Forte Minerals Corp. and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $1,146,702 during the year ended December 31, 2023, and, as of that date, the Company's accumulated deficit totaled $5,715,836. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

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- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 11, 2024

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

		December 31, 2023		December 31, 2022
ASSETS				
Current				
Cash	$	154,062	$	1,346,218
Accounts receivable		10,014		9,816
Prepaid expenses		101,278		46,200
Notes receivable (Note 4)		-		126,979
		265,354		1,529,213
Exploration and evaluation assets (Note 6)		948,798		948,798
Total assets	$	1,214,152	$	2,478,011
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 8)	$	51,470	$	64,877
		51,470		64,877
Shareholders' equity				
Share capital (Note 7)		6,518,564		6,608,564
Accumulated other comprehensive income (loss)		(28,972)		(15,222)
Reserves		388,926		543,629
Deficit		(5,715,836)		(4,723,837)
		1,162,682		2,413,134
Total liabilities and shareholders' equity	$	1,214,152	$	2,478,011

Nature of operations and going concern (Note 1)
Subsequent events (Notes 7(e), 12)

Approved and authorized by the Board on April 11, 2024.

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

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

FORTE MINERALS CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31,

	2023	2022
EXPENSES		
Consulting (Note 8)	$ 42,000	$ 42,000
Corporate development	45,785	95,153
Directors' fees (Note 8)	64,000	45,331
Exploration and evaluation expenditures (Notes 6 and 8)	421,838	481,767
Foreign exchange	(4,612)	15,180
Investor relations (Note 8)	80,587	92,782
Listing expenses	31,063	66,256
Management fees (Note 8)	135,000	131,750
Marketing (Note 8)	121,662	135,739
Office and administration (Note 8)	56,971	74,897
Professional fees	117,632	72,198
Share-based payments (Notes 7 and 8)	-	111,721
Transfer agent and filing fees	34,605	30,336
Travel	19,332	32,862
Total expenses	(1,165,863)	(1,427,972)
Other income		
Recovery of accounts payable	-	12,571
Interest income (Note 4)	19,161	26,320
	19,161	38,891
Net loss	(1,146,702)	(1,389,081)
Other comprehensive loss		
Foreign exchange on translation	(13,750)	8,174
Comprehensive loss for the year	$ (1,160,452)	$ (1,380,907)
Basic and diluted loss per common share	$ (0.03)	$ (0.04)
Weighted average number of common shares outstanding basic and diluted	36,420,823	36,128,495

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

FORTE MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (1,146,702)	$ (1,389,081)
Items not involving the use of cash:		
Unrealized foreign exchange	(374)	-
Interest (income) write-off	5,143	(3,412)
Share-based payments	-	111,721
Recovery of accounts payable	-	(12,571)
Changes in working capital items:		
Accounts receivable	(362)	299
Accounts payable and accrued liabilities	(13,248)	(29,368)
Prepaid expenses	(55,077)	(46,200)
Net cash used in operating activities	(1,210,620)	(1,368,612)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Initial Public Offering (Note 7)	-	2,875,000
Share issue costs paid	-	(292,995)
Loan repayment	-	(18,040)
Interest received on note repayment	1,836	-
Repayment of notes receivable (Note 4)	30,000	-
Net cash provided by financing activities	31,836	2,563,965
Effect of foreign exchange on cash	(13,372)	8,030
Change in cash for the year	(1,192,156)	1,203,383
Cash, beginning of year	1,346,218	142,835
Cash, end of year	$ 154,062	$ 1,346,218
Non-cash investing and financing activities:		
Agent's warrants issued as share issue costs	$ -	$ 108,502
Reclassification on expiry of stock options	$ 46,201	$ -
Reclassification on expiry of warrants	$ 108,502	$ -
Shares returned to treasury on expiry of notes receivable	$ 90,000	$ -

There were no cash investing activities during the years ended December 31, 2023 and 2022.

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

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

	Share Capital		Accumulated Other Comprehensive Loss	Reserves	Deficit	Total
	Number	Amount				
Balance, December 31, 2021	27,128,587	$ 4,241,350	$ (23,396)	$ 323,406	$ (3,334,756)	$ 1,206,604
Initial Public Offering (Note 7)	9,583,332	2,875,000	-	-	-	2,875,000
Share issue costs	50,000	(399,284)	-	-	-	(399,284)
Agent Warrants (Note 7)	-	(108,502)	-	108,502	-	-
Share-based payments	-	-	-	111,721	-	111,721
Comprehensive loss for the year	-	-	8,174	-	(1,389,081)	(1,380,907)
Balance, December 31, 2022	36,761,919	$ 6,608,564	$ (15,222)	$ 543,629	$ (4,723,837)	$ 2,413,134
Shares returned to treasury	(750,000)	(90,000)	-	-	-	(90,000)
Reclassification on expiry of stock options				(46,201)	46,201	-
Reclassification on expiry of broker warrants				(108,502)	108,502	-
Comprehensive loss for the year	-	-	(13,750)	-	(1,146,702)	(1,160,452)
Balance, December 31, 2023	36,011,919	$ 6,518,564	$ (28,972)	$ 388,926	$ (5,715,836)	$ 1,162,682

The accompanying notes are an integral part of these consolidated 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 1005 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol “CUAU”, the OTCQB under the symbol “FOMNF”, and the Frankfurt Stock Exchange under the symbol “2OA”.

These consolidated financial statements have been prepared 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 had an accumulated deficit of $5,715,836 as at December 31, 2023 (2022 - $4,723,837) and reported a net loss of $1,146,702 for the year then ended (2022 - $1,389,081). The Company’s ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company’s business financial condition and results of operations may be negatively affected by economic and other consequences from the recent conflict in the Gaza region. The Company has not experienced any direct impact of the war in Gaza to date and expects any direct impacts to the business to be limited. The indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position, and cash flows in the future.

2. BASIS OF PREPARATION

Statement of compliance

These 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”). The functional currency of the parent company is the Canadian dollar and the Peruvian sol for its subsidiaries.

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 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. Judgment is necessary in evaluating each entity's functional currency.

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise additional funding to cover its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates (cont'd…)

- Impairment of exploration and evaluation assets

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

- Stock options

  The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

3. MATERIAL 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.

Transactions incurred in a foreign currency other than functional currency are translated into functional currency at the exchange rate in effect at the date of the transaction, with resulting exchange differences recognized in the profit or loss.

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, 2023 and 2022, the Company does not hold any cash equivalents.

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.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation (cont'd…)

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

<u>Financial assets</u>

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.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows, and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash, accounts receivable, and notes receivable are recorded at amortized cost as they meet the required criteria.

Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses.

Impairment of financial assets

The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

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.

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 consolidated 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 of constructive obligation exists as a result of past events where it is probable than 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.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

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.

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. When stock options, whether vested or unvested, are cancelled or expire, the initial recorded value is reversed from contributed surplus and credited to deficit.

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

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

Operating segments

The Company assessed its operations under the criteria of IFRS 8 *Operating Segments* and concluded that it has only one operating segment, consequently no operating segment disclosures are included in these consolidated financial statements. Additionally, all of its non-current assets are located in Peru, as detailed in Note 6.

4. NOTES RECEIVABLE

On August 10, 2020, the Company received four (4) promissory notes ("Promissory Notes"). The Promissory Notes were provided as security against the purchase of 1,000,000 units ("Units") at $0.12 per Unit for a total principal amount of $120,000 and mature on July 10, 2023 ("Maturity Date"). Each unit was comprised of one common share ("Unit Share") and one-half purchase warrant. Each warrant entitled the holder to purchase a further common share at a price of $0.20 per share until August 10, 2023 (extended to August 10, 2024 in the current period). The interest on the principal amount was at a rate of 2.00% per annum. The Promissory Notes were secured by the Unit Shares which were held in escrow, to be released proportionate to the principal balance of Promissory Notes repaid. If the Promissory Notes were not repaid in full by July 10, 2023, the remaining securities held in escrow would be cancelled.

(Expressed in Canadian Dollars)

4. NOTES RECEIVABLE (cont'd…)

The terms of each Promissory Note provided that the debtor ("Payor") agree to pay any accrued interest owing under this Promissory Note to the Company on an annual basis on each anniversary date, commencing on July 10, 2021. The Payor could have elected to pay any accrued interest owing under this promissory note by adding such amount to the principal amount of this Promissory Note. On July 10, 2021 and July 10, 2022, the Payors elected to accrue interest owing to the Promissory Notes.

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

(1) After the first anniversary date of the Promissory Note on July 10, 2021, but before the second anniversary date of the Promissory Note on July 10, 2022, the Payor had the right to prepay up to a maximum aggregate amount of $15,000 towards the principal amount owing under the Promissory Note. This right expired during the year ended December 31, 2022.

(2) From and after the second anniversary date of the Promissory Note on July 10, 2022, but before the third anniversary date of the Promissory Note on July 10, 2023, the Payor had the right to prepay up to a maximum aggregate amount of $15,000 towards the principal amount owing under the Promissory Note.

The Promissory Notes were due from the CEO, a Director, the Corporate Secretary, and a consultant.

During the year ended December 31, 2023, one Promissory Note was repaid in full and the remaining three Promissory Notes were cancelled, resulting in the return to treasury of 750,000 Units.

	December 31, 2023	December 31, 2022
Balance, beginning of year	$ 126,979	$ 123,567
Capitalized interest	-	2,222
Interest receivable	1,306	1,190
Note repaid	(30,000)	-
Note cancelled	(90,000)	-
Interest cancelled	(6,449)	-
Interest repaid	(1,836)	-
Balance, end of year	$ -	$ 126,979

5. LOANS PAYABLE

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

The amounts were owed to a related party (Note 8) and were non-interest bearing, due on demand, and unsecured.

(Expressed in Canadian Dollars)

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.

Mineral Property Interests

Details of mineral property balances are as follows:

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

Don Gregorio, Peru

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

a) Make payments as follows:
   a. US$100,000 on or before 30 days of receipt of a drilling permit (“First Drill Permit”);
   b. US$100,000 within 30 days of completing a first phase drill program (“First Phase Drill Program”); and
   c. US$200,000 within 60 days of completing a second phase drill program (“Second Phase Drill Program”).

b) Carry out the First Phase Drill Program of 5,000 meters upon the issuance of the First Drill Permit, which First Phase Drill Program shall be completed within two years of the First Drill Permit, or in lieu of completing the First Phase Drill Program, the Company may elect to pay to Candente US$100 per meter for each of the 5,000 meters not drilled as part of the First Phase Drill Program, up to a maximum amount of US$500,000, and such payment shall be made prior to the second anniversary of the First Drill Permit.

c) Carry out the Second Drill Program of a further 5,000 meters prior to the earlier of the third anniversary of the First Drill Permit and the first anniversary of a permit received to complete the Second Drill Program.

Following completion of the option, Candente and the Company will form a joint venture of 40% and 60% participating interest respectively.

As at December 31, 2023, the Company has submitted and is awaiting results on the application for the First Drill Permit.

Esperanza and Pucarini, Peru

On July 27, 2020, the Company entered into a share purchase agreement (“SPA”) with GlobeTrotters Resource Group Inc. (“Globetrotters”), a private company under the laws of British Columbia and a related party. Pursuant to the SPA, the Company purchased the outstanding common shares of Amaru and Cordillera which are Peruvian entities. The Company paid $150,000 and issued 5,000,000 common shares valued at $600,000 as consideration for the SPA.

(Expressed in Canadian Dollars)

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

Esperanza and Pucarini, Peru (cont'd…)

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

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

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

Exploration expenditures

The Company expended the following exploration and evaluation expenditures:

For the year ended December 31, 2023	Esperanza, Peru	Pucarini, Peru	Don Gregorio, Peru	Total
Assay	$ -	$ 30,480	$ -	$ 30,480
Camp	3,929	8,700	1,466	14,095
Community relations	28,385	62,444	53,883	144,712
Field office and wages	41,709	46,473	26,600	114,782
Geological	353	5,964	1,478	7,795
Property costs	42,393	25,127	18,780	86,300
Transportation	5,273	1,279	17,122	23,674
Total, December 31, 2023	$ 122,042	$ 180,467	$ 119,329	$ 421,838

For the year ended December 31, 2022	Esperanza, Peru	Pucarini, Peru	Don Gregorio, Peru	Total
Assay	$ 1,299	$ 12,085	$ -	$ 13,384
Camp costs	14,217	39,897	-	54,114
Community relations	34,788	51,057	18,348	104,193
Field office	77,569	60,417	13,699	151,685
Geological	2,806	24,389	-	27,195
Property costs	33,838	43,248	29,833	106,919
Transportation	8,704	11,367	4,206	24,277
Total, December 31, 2022	$ 173,221	$ 242,460	$ 66,086	$ 481,767

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Year ended December 31, 2023

The Company did not complete any private placements in the year ended December 31, 2023.

Year ended December 31, 2022

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

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

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

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

c) Stock options

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

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2021	3,150,000	$	0.12
Granted	775,000		0.21
Balance, December 31, 2022	3,925,000	$	0.14
Expired	(450,000)		0.12
Balance outstanding and exercisable, December 31, 2023	3,475,000		0.14

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

c) Stock options (cont'd…)

Stock options outstanding as at December 31, 2023:

	Number	Exercise price		Expiry date
Stock Options	525,000	$	0.21	February 14, 2025
	2,700,000	$	0.12	July 31, 2025
	250,000	$	0.20	December 1, 2027
	3,475,000			

d) Share-based payments

The Company did not grant any stock options during the year ended December 31, 2023. During the year ended December 31, 2022, the Company granted 525,000 stock options with a fair value of $0.13 per option and 250,000 stock options with a fair value of $0.16 per option.

The following weighted average assumptions were used for Black-Scholes option pricing model valuation of stock options granted during the years ended December 31:

	2023		2022
Share price on grant date	-	$	0.21
Risk-free interest rate	-		22.06%
Expected life of options	-		3.65 years
Expected annualized volatility	-		7107.99%
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 risk-free interest rate was determined based on benchmark bond yields for the expected life per Bank of Canada.

e) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2021	6,138,593	$	0.12
Issued	10,190,045		0.49
Balance, December 31, 2022	16,328,638	$	0.35
Expired/cancelled	(931,713)		0.23
Balance outstanding and exercisable, December 31, 2023	15,396,925	$	0.36

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

e) Warrants (cont'd…)

Warrants outstanding as at December 31, 2023:

Number of Warrants		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
5,638,593	$	0.20	July 17, 2024[(i)]	0.55
125,000	$	0.20	August 10, 2024[(ii)]	0.61
9,633,332	$	0.50	January 23, 2025	1.07
15,396,925				0.87

i) During the year ended December 31, 2023, the Company extended the term of the warrants by one year to July 17, 2024. Subsequent to December 31, 2023, 762,500 warrants were exercised for gross proceeds of $152,500.

ii) During the year ended December 31, 2023, the Company extended the term of the warrants by one year to August 10, 2024; in addition, 375,000 warrants under escrow were cancelled pursuant to the cancellation of Promissory Notes (Note 4).

f) Escrow Shares

The Company had the following securities in escrow as at December 31, 2023:

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

Securities subject to the Escrow Agreement will be released pro rata to the holders as to 10% on January 24, 2022 and as to the remainder in six equal tranches of 15% every nine months thereafter for a period of 36 months, provided that securities also subject to the Management Escrow Agreement will only be released on the later of the date permitted by the Escrow Agreement or the Management Escrow Agreement. Shares subject to the Management Escrow Agreements will not be released until the Promissory Notes issued in favor of the Company are repaid in full.

During the year ended December 31, 2023, 750,000 common shares and 375,000 share purchase warrants remaining in escrow were returned to treasury and cancelled pursuant to the cancellation of Promissory Notes (Note 4).

8. RELATED PARTY TRANSACTIONS

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		2023		2022
Administration, marketing, and investor relations	$	44,000	$	35,000
Consulting fees	$	42,000	$	42,000
Directors' fees	$	64,000	$	45,331
Exploration and evaluation expenditures	$	119,436	$	160,570
Management fees	$	135,000	$	131,750

The Company had certain Promissory Notes due from related parties (Note 4) which were settled during the year ended December 31, 2023.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (cont'd…)

As at December 31, 2023, the Company owed $6,134 (2022 - $13,697) to a Company controlled by a common director, $4,000 (2022 - $nil) to a director, and $3,728 (2022 - $11,025) to a company in which the CFO is an associate included in accounts payable and accrued liabilities. The balances owing are non-interest bearing, unsecured, and payable on demand.

As at December 31, 2023, the Company owed $4,600 included in accounts payable and accrued liabilities (2022 - $4,600) to Lords & Company Worldwide Holdings Inc. ("Lords") (formerly Pac Roots Cannabis Corp.), a company in which the CEO is a former officer. The balance owing is non-interest bearing, unsecured, and payable on demand.

During the year ended December 31, 2022, the Company repaid a loan payable owing to a family member of the CEO.

9. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2022 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

	2023	2022
Income before income tax	$ (1,146,702)	$ (1,389,081)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	$ (310,000)	$ (375,000)
Foreign income tax rate difference, change in foreign exchange rates and other	(9,000)	(8,000)
Permanent differences	45,000	(75,000)
Changes in benefits not recognized	274,000	458,000
Income tax expense (recovery)	$ -	$ -

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:

	2023	2022
Deferred exploration and evaluation	$ 273,000	$ 189,000
Non-capital losses	926,000	767,000
Share issue costs and other	92,000	112,000
Unrecognized income tax assets	$ 1,291,000	$ 1,068,000

As at December 31, 2023, the Company has Canadian non-capital losses of $3,273,000 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, 2043.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

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

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 receivables of $6,206 (2022 - $4,283), amounting to $177,172 at December 31, 2023 (2022 - $1,351,751). As the Company's policy is to limit cash holdings to instruments issued by major Canadian and Peruvian banks, the credit risk is considered by management to be negligible. The Company considers the credit risk with respect to these amounts to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at December 31, 2023, the Company had working capital of $213,884 (2022 - $1,464,336). The Company's financial obligations are limited to accounts payable and accrued liabilities of which have contractual maturities of less than 90 days.

Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. Management believes the risk of further increases in interest rates is considered low after the significant interest rate escalation observed during the year. As at December 31, 2023, the Company maintained all of its cash balance on deposit with a major Canadian and a major Peruvian bank.

Foreign currency risk

The Company has engaged a number of vendors in the pursuit of mineral exploration activities in Peru. As such, the Company is exposed to some foreign currency risk. Fluctuations in the exchange rate between the Canadian dollar, United States dollar, and the Peruvian sol may have an adverse effect on the Company's business and costs to proceed with preferred vendors. The Company does not enter into any foreign exchange hedging contracts. Cash held in the Peruvian entities is generally held in US dollars and converted to soles as required. As at December 31, 2023, the Company held cash of US$12,989. A 10% movement in the foreign exchange rate would have impacted the net loss by approximately $1,181. Foreign currency risk will have an impact on the Company's net loss and net financial instruments.

11. 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 $1,162,682 (2022 - $2,413,134). The Company manages its capital structure to maximize its financial flexibility to adjust to changes in economic conditions. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended December 31, 2023.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company completed the acquisition of the Alto Ruri and Cerro Quillo prospects, located in Peru, from Globetrotters. These prospects were transferred to Cordillera in exchange for a one-time cash payment of US$25,000. The concessions are subject to a 1.0% NSR royalty held by Compañía Minera Ares S.A.C.

In March 2024, the Company received proceeds of $152,500 upon the exercise of 762,500 warrants at a price of $0.20.