

# **CORTUS METALS INC.**

Consolidated Condensed Interim Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

To the shareholders of Cortus Metals Inc:

The consolidated condensed interim financial statements of Cortus Metals Inc. (the "Company") for the nine months ended July 31, 2023 and 2022 have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

CORTUS METALS INC.

Consolidated Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars

(unaudited)

As at	July 31, 2023	October 31, 2022
<b>Assets</b>		
Current		
Cash	\$ 11,989	\$ 5,132
Prepayments and deposits	17,296	44,545
Goods and services tax receivable	5,755	4,692
	<u>35,040</u>	54,369
Equipment (note 7)	22,751	26,909
Right-of-use asset (note 9)	94,198	115,936
Exploration and evaluation properties (note 3,4)	280,739	450,417
	<u>\$ 432,728</u>	<u>\$ 647,631</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 895,479	\$ 1,272,498
Current portion of lease liability (note 9)	29,113	26,858
Loans (note 3)	95,459	18,300
	<u>1,020,051</u>	1,317,656
Long-term		
Long-term portion of lease liability (note 9)	83,430	109,509
	<u>1,103,481</u>	1,427,165
<b>Equity</b>		
Share capital (note 5)	6,112,248	5,703,409
Subscriptions received in advance	736,868	761,368
Option and warrant reserve	206,940	178,440
Deficit	(7,726,809)	(7,422,751)
	<u>(670,753)</u>	(779,534)
	<u>\$ 432,728</u>	<u>\$ 647,631</u>

Going concern (note 1)

Subsequent event (note 10)

Approved by the Board of Directors

Director (signed by) "John Williamson"

Director (signed by) "Sean Mager"

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

## CORTUS METALS INC.

## Consolidated Condensed Interim Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

*(unaudited)*

For the	three months ended		nine months ended	
	July 31 2023	July 31 2022	July 31 2023	July 31 2022
<b>Expenses</b>				
Advertising and promotion	\$ 460	145,961	\$ 5,849	\$ 309,593
Management consulting	16,500	16,500	49,500	49,500
Office and administration	27,172	29,429	73,674	77,410
Professional fees	57,593	19,868	113,093	59,688
Regulatory and filing fees	709	1,752	16,212	21,539
	<b>(102,434)</b>	(213,510)	<b>(258,328)</b>	(517,730)
<b>Other income</b>				
Exploration expenses	(25,220)	-	(67,801)	-
Foreign exchange gain	15,695	3,607	21,151	1,788
Share-based compensation	-	-	-	(6,000)
Interest income (expense)	(409)	80	920	(19)
<b>Net and comprehensive loss for the period</b>	<b>\$ (112,368)</b>	<b>\$ (209,823)</b>	<b>\$ (304,058)</b>	<b>\$ (521,961)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>(0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
Basic and diluted weighted average number of common shares outstanding	<b>95,045,338</b>	47,545,338	<b>74,264,088</b>	47,545,338

*The accompanying notes form an integral part of these condensed interim financial statements.*

## CORTUS METALS INC.

## Consolidated Condensed Interim Statements of Changes in Equity

Expressed in Canadian Dollars

*(unaudited)*

	Share capital	Subscriptions received in advance	Option and warrant reserve	Deficit	Total Equity
<b>Balance at October 31, 2021</b>	<b>\$ 5,703,409</b>	<b>\$ -</b>	<b>\$ 172,440</b>	<b>\$ (1,461,315)</b>	<b>\$ 4,414,534</b>
Advanced share subscription received	465,000	-	-	-	465,000
Share issuance costs	(11,632)	-	-	-	(11,632)
Share-based compensation	-	-	6,000	-	6,000
Net loss	-	-	-	(521,961)	(521,961)
<b>Balance at July 31, 2022</b>	<b>\$ 6,156,777</b>	<b>\$ -</b>	<b>\$ 178,440</b>	<b>\$ (1,983,276)</b>	<b>\$ 4,351,941</b>
Advanced share subscription received	(465,000)	-	-	-	(465,000)
Subscriptions received in advance	-	761,368	-	-	761,368
Share issuance costs	11,632	-	-	-	11,632
Net loss	-	-	-	(5,439,475)	(5,439,475)
<b>Balance at October 31, 2022</b>	<b>\$ 5,703,409</b>	<b>\$ 761,368</b>	<b>\$ 178,440</b>	<b>\$ (7,422,751)</b>	<b>\$ (779,534)</b>
Shares issued for cash	475,000	-	-	-	475,000
Subscriptions received in advance	-	25,500	-	-	25,500
Advanced subscriptions returned	-	(50,000)	-	-	(50,000)
Share issuance costs	(66,161)	-	28,500	-	(37,661)
Net loss	-	-	-	(304,058)	(304,058)
<b>Balance at July 31, 2023</b>	<b>\$ 6,112,248</b>	<b>\$ 736,868</b>	<b>\$ 206,940</b>	<b>\$ (7,726,809)</b>	<b>\$ (670,753)</b>

*The accompanying notes form an integral part of these financial statements.*

CORTUS METALS INC.  
Consolidated Condensed Interim Statements of Cash Flows  
Expressed in Canadian Dollars

(unaudited)

<b>For the nine months ended</b>	<b>July 31, 2023</b>	<b>July 31, 2022</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (304,058)	\$ (521,961)
Items not affecting cash:		
Depreciation – equipment	4,158	-
Depreciation – right of use asset	23,623	-
Foreign exchange	2,515	-
Share-based compensation	-	6,000
Changes in non-cash working capital:		
Goods and services tax receivable	(1,063)	10,212
Accounts receivable and prepayments	27,250	21,690
Accounts payable and accrued liabilities	(130,182)	634,885
Cash (used) provided by operating activities	<u>(377,757)</u>	<u>150,826</u>
<b>Investing activities</b>		
Exploration and evaluation property exploration expenditures (note 4)	-	(668,664)
Cash used in investing activities	<u>-</u>	<u>(668,664)</u>
<b>Financing activities</b>		
Proceeds from private placements	475,000	-
Share issuance costs	(37,661)	(11,632)
Lease payments	(28,225)	-
Subscriptions received in advance	25,500	465,000
Advanced subscriptions returned	(50,000)	-
Cash provided by financing activities	<u>384,614</u>	<u>453,368</u>
<b>Net increase (decrease) in cash</b>	<b>6,857</b>	<b>(65,399)</b>
Cash, beginning of period	<u>5,132</u>	<u>72,270</u>
<b>Cash, end of period</b>	<u>\$ 11,989</u>	<u>\$ 6,871</u>

*The accompanying notes form an integral part of these financial statements.*

## CORTUS METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended July 31, 2023 and 2022

Expressed in Canadian Dollars

*(unaudited)*

### 1. Nature of operations and going concern

Cortus Metals Inc. (“Cortus” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on June 25, 2018. The Company’s common shares are listed for trading on the TSX Venture Exchange under the trading symbol “CRTS”, on the OTC PK Venture Market under the trading symbol “CRTTF”. The Company’s head office is at 250 South Ridge NW, Suite 300, Edmonton, Alberta, T6H 4M9.

The Company’s principal business activities include exploration and development of mineral resources in Nevada, USA. All of the Company’s projects are considered to be in the exploration stage and the Company has not yet determined whether these properties contain mineral resources that are economically recoverable. The Company utilizes a modified “Project Generator” business model. Through research and early-stage exploration, the Company generates new exploration ideas, acquires mineral rights and performs exploration work to clearly identify drilling targets. Earn-in option agreements with third parties will fund drilling and more advanced exploration to earn an interest in the Company’s properties.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable amount of time. At July 31, 2023, the Company had not generated revenues and had a working capital deficit of \$985,011 (October 31, 2022 – \$1,263,287) and an accumulated deficit of \$7,726,809 (October 31, 2022 - \$7,422,751). The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future, which indicate the existence of a material uncertainty that may cast significant doubts about the Company’s ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

### 2. Basis of presentation

#### a) Statement of Compliance

These consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The accounting policies applied in preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended October 31, 2022, unless otherwise stated.

#### b) Consolidated Condensed Interim Financial Statements

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on September 29, 2023.

These consolidated condensed interim financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and reporting currency of the Company.

These consolidated condensed interim financial statements include the accounts of the Company, and its 100% controlled entities, Cortus Properties LLC and Intermont Resources LLC.

## CORTUS METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended July 31, 2023 and 2022

Expressed in Canadian Dollars

(unaudited)

### 3. Debt settlement

On July 31, 2023 (the "Effective Date"), the Company entered into a debt settlement agreement with an arms-length consultant, Tectonex LLC, (the "Consultant or Tectonex") to settle outstanding payables owed pursuant to a consulting agreement (the "Consulting Agreement") dated May 25, 2020. The Company and the Consultant mutually agreed to terminate the Consulting Agreement effective December 31, 2022 and settle accounts payable of USD 330,000.

In consideration for settlement of the USD 330,000:

- The Company will issue to Tectonex a promissory note in the amount of USD 165,000, with the principal amount of such Note ( the "Note Payment Amount") being paid off in full by no later than ten(10) months following the Effective Date in the form of: (i) monthly cash payments to Tectonex in the amount of USD\$12,000 (the "Monthly Payments"), with the Cortus Parent making a Monthly Payment on the last calendar day of each month following the Effective Date. As part of the negotiation the Company prepaid monthly installments starting in April 2023 and has paid USD 48,000 as of July 31, 2023.
- Tectonex will credit Cortus in the amount of USD 39,841 for settlement of advanced payment of operating expense In Nevada, USA.
- The Company will issue common shares in the amount of \$50,000 (outstanding at July 31, 2023).
- The Company will promptly transfer three Nevada Properties owned by Intermont Resources LLC as of the Effective Date and commonly referred to as the "Goldrun," "Roberts Creek" and "Cobre" properties to Cortus Properties LLC via quitclaim deed (the "Property Transfers") and Promptly following the Property Transfers, Cortus Properties LLC shall issue to Mr. Newton membership interests equal to 49% of the total issued and outstanding membership interests of Cortus Properties LLC.

### 4. Exploration and evaluation properties

The Cortus portfolio includes a core of six projects, located across north-central Nevada, USA. The portfolio is the product of data compilation across all geological scales and diligent project evaluation. The projects and prospects vary from grassroots exploration targets to drill-ready-stage targets underpinned by geochemical or geophysical data or a combination of the two.

#### *Other Nevada Properties*

The Nevada properties consists of all interests still owned by Intermont that had not been previously acquired at the date of the Company's acquisition of Intermont described in note 4.

Aggregate costs incurred by the Company on the Grayson, Powerline, Goldrun and Nevada Properties are summarized as follows:

	<u>Acquisition</u>	<u>Exploration</u>	<u>Total</u>
<b>Balance, October 31, 2022</b>	<b>\$ 450,417</b>	<b>\$ -</b>	<b>\$ 450,417</b>
Settlement of debt for property interest (note 3)	(169,678)	-	(169,678)
<b>Balance, July 31, 2023</b>	<b>\$ 280,739</b>	<b>\$ -</b>	<b>\$ 280,739</b>

CORTUS METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended July 31, 2023 and 2022

Expressed in Canadian Dollars

(unaudited)

5. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

A summary of changes in common share capital in the period is as follows:

	Number of shares	Amount
<b>Balance at October 31, 2022</b>	<b>47,545,338</b>	<b>\$ 5,703,409</b>
Shares issued in private placement	47,500,000	475,000
Share issuance costs, cash	-	(37,661)
Share issuance costs, non-cash	-	(28,500)
<b>Balance at July 31, 2023</b>	<b>95,045,338</b>	<b>6,112,248</b>

On February 28, 2023, the Company completed a private placement raising aggregate gross proceeds of \$475,000 through the sale of 47,500,000 common shares at a price of \$0.01 per share. In connection with the sale of the shares, Cortus paid fees of \$28,500 cash, and issued 2,850,000 non-transferable agent warrants to an eligible finder. Each warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.05 until February 28, 2025.

Escrowed common shares

Pursuant to the closing of the IPO on November 4, 2019, 5,600,000 common shares of the Company are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. As of the date of these consolidated financial statements 780,000 common shares remained in escrow.

b) Stock options

The Company's has a stock option plan (the "Plan") for directors, officers, employees, and consultants. The Plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company.

A summary of stock option activity in the year is as follows:

	Number of options	Weighted average exercise price
<b>Outstanding options, October 31, 2022</b>	<b>2,948,500</b>	<b>\$ 0.12</b>
Expired	(150,000)	0.10
<b>Outstanding options, July 31, 2023</b>	<b>2,798,500</b>	<b>\$ 0.12</b>

CORTUS METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended July 31, 2023 and 2022

Expressed in Canadian Dollars

(unaudited)

A summary of stock options outstanding and exercisable is as follows:

Exercise Price	Number of options	July 31, 2023	Exercise Price	Number of options	October 31, 2022
		Remaining contractual life (years)			Remaining contractual life (years)
\$ -	-	-	\$ 0.10	150,000	0.1
0.05	880,000	1.3	0.05	880,000	2.0
0.15	1,680,000	2.1	0.15	1,680,000	2.8
0.15	238,500	2.5	0.15	238,500	3.2
<b>\$ 0.12</b>	<b>2,798,500</b>	<b>1.9</b>	<b>\$ 0.12</b>	<b>2,948,500</b>	<b>2.5</b>

c) Warrants

A summary of share purchase warrant activity in the year is as follows:

	Number of warrants	Weighted average exercise price
<b>Outstanding warrants, October 31, 2022</b>	<b>24,592,394</b>	<b>\$ 0.15</b>
Issued	2,850,000	0.05
Expired	(329,723)	0.25
<b>Outstanding options, July 31, 2023</b>	<b>27,112,671</b>	<b>\$ 0.14</b>

A summary of warrants outstanding and exercisable is as follows:

Exercise Price	Number of warrants	July 31 2023	Exercise Price	Number of warrants	October 31, 2022
		Remaining contractual life (years)			Remaining contractual life (years)
\$ -	-	-	\$ 0.25	329,723	0.6
0.15	17,050,004	0.6	0.15	17,050,004*	1.4
0.15	4,250,333	0.6	0.15	4,250,333*	1.4
0.15	962,334	0.6	0.15	962,334*	1.4
0.15	2,000,000	0.6	0.15	2,000,000*	1.4
0.05	2,850,000	1.6	-	-	-
<b>\$ 0.14</b>	<b>27,112,671</b>	<b>0.7</b>	<b>\$ 0.15</b>	<b>24,592,394</b>	<b>1.4</b>

\*On March 16, 2022, the Company extended the expiry date of these warrants to March 16, 2024 and amended the exercise price to \$0.15.

## 6. Financial instruments and risk management

### *Fair value of financial instruments*

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

As at July 31, 2023, the Company believes that the carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

### *Financial instruments risk*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### Credit risk

Credit risk is defined as the risk of loss associated with counterparty's inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company's financial assets.

#### Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at July 31, 2023, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal.

CORTUS METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended July 31, 2023 and 2022

Expressed in Canadian Dollars

(unaudited)

Classification of financial instruments

Financial assets included in the condensed interim statement of financial position are as follows:

	<u>July 31, 2023</u>	<u>October 31, 2022</u>
Financial assets at amortized cost		
Cash	\$ 11,989	\$ 5,132
Accounts Receivable	-	-
	<u>\$ 11,989</u>	<u>\$ 5,132</u>

Financial liabilities included in the condensed interim statement of financial position are as follows:

	<u>July 31, 2023</u>	<u>October 31, 2022</u>
Non-derivative financial liabilities		
Accounts payable and accrued liabilities	\$ 895,479	\$ 1,272,498
Lease liability	112,543	136,367
Loans	95,459	18,300
	<u>\$ 1,103,481</u>	<u>\$ 1,427,165</u>

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve inventor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

**7. Equipment**

	<u>Furniture and Office</u>	<u>Field Equipment</u>	<u>Total</u>
<b>Balance October 31, 2022</b>	<b>\$ 13,411</b>	<b>\$ 13,498</b>	<b>\$ 26,909</b>
Depreciation	(1,509)	(2,649)	(4,158)
<b>Balance, July 31, 2023</b>	<b>\$ 11,902</b>	<b>\$ 10,849</b>	<b>\$ 22,751</b>

CORTUS METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended July 31, 2023 and 2022

Expressed in Canadian Dollars

(unaudited)

**8. Related party transactions**

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred fees to directors and officers for management and professional services as follows:

<b>For the nine months ended</b>	<b>July 31, 2023</b>	<b>July 31, 2022</b>
Management fees to key management and directors	\$ 49,500	\$ 49,500
	<u>\$ 49,500</u>	<u>\$ 49,500</u>

Related party balances

At July 31, 2023, accounts payable and accrued liabilities were \$240,397 (October 31, 2022 - \$186,100) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

**9. Right-of-use asset/lease liability**

The Company's subsidiary, Intermont Resources LLC is the lessee to a premise lease. The incremental rate of borrowing for this lease was estimated by management to be 10% per annum.

(a) Right-of-Use Assets

As at July 31, 2023, right-of-use assets are recorded as follows:

	<b>2023</b>
As at October 31, 2022	\$ 115,936
Depreciation	(23,623)
Foreign exchange	1,885
As at July 31, 2023	<u>\$ 94,198</u>

(b) Lease Liabilities

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	<b>2023</b>
Undiscounted minimum lease payments:	
Less than one year	\$ 36,716
Two to three years	77,897
Three to four years	10,125
	<u>124,738</u>
Effect of discounting	(12,195)
Present value of minimum lease payments	112,543
Less current portion	(29,113)
Long-term portion	<u>\$ 83,430</u>

CORTUS METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended July 31, 2023 and 2022

Expressed in Canadian Dollars

(unaudited)

(c) Lease Liabilities Continuity

As at July 31, 2023, lease liabilities are recorded as follows:

		<b>2023</b>
As at October 31, 2022	\$	136,367
Cash flows:		
Leases payments		(16,920)
Interest expense		(9,729)
Foreign exchange		2,825
As at July 31, 2023	\$	112,543

**10. Subsequent events**

Subsequent to the nine months ended July 31, 2023, the Company agreed to terms with Vulcan Resources Corp. ("Vulcan"), a private Canadian Corporation, to option 100% interest in Cortus' Grayson and Powerline properties in Nevada, USA. Terms for option of each property are as follows:

- On signing: \$20,000 cash, plus payment of 2024 claim fees.
- Subsequent yearly payments to be paid on the anniversary:
  - 1<sup>st</sup> year: \$50,000
  - 2<sup>nd</sup> year: \$50,000
  - 3<sup>th</sup> year: \$100,000
  - 4<sup>th</sup> year: \$150,000
  - 5<sup>th</sup> year, \$200,000-(100% ownership transferred to Vulcan).
- All annual claim or property maintenance fees and reclamation costs shall be paid by Vulcan.
- 2% NSR to 1205919 B.C. Ltd. as per prior Cortus agreement, buy-down to 1% NSR for \$1.5 million.
- By end of 5<sup>th</sup> year, buyer shall have completed a NI 43-101 compliant gold equivalent mineral resource estimate.
- Upon completion of NI 43-101 compliant gold equivalent mineral resource estimate, Cortus receives 1,000,000 common shares of Vulcan. Upon completion of a PEA or more advanced study, Cortus receives 1,000,000 common shares of Vulcan.