# CORTUS METALS INC.

Consolidated Condensed Interim Financial Statements

For the six months ended April 30, 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 six months ended April 30, 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

| As at | April 30, 2023 | October 31, 2022 |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash | **$ 144,945** | $ 5,132 |
| Prepayments and deposits | **53,705** | 44,545 |
| Goods and services tax receivable | **19,830** | 4,692 |
| | **218,480** | 54,369 |
| Equipment (note 6) | **24,137** | 26,909 |
| Right-of-use asset (note 8) | **101,444** | 115,936 |
| Exploration and evaluation properties (note 3) | **450,417** | 450,417 |
| | **$ 794,478** | $ 647,631 |
| **Liabilities** | | |
| Current | | |
| Accounts payable and accrued liabilities (note 7) | **$ 1,162,157** | $ 1,272,498 |
| Current portion of lease liability (note 8) | **28,810** | 26,858 |
| Loans | **18,300** | 18,300 |
| | **1,209,267** | 1,317,656 |
| Long-term | | |
| Long-term portion of lease liability (note 8) | **93,596** | 109,509 |
| | **1,302,863** | 1,427,165 |
| **Equity** | | |
| Share capital (note 4) | **6,112,248** | 5,703,409 |
| Subscriptions received in advance (note 4) | **786,868** | 761,368 |
| Option and warrant reserve | **206,940** | 178,440 |
| Deficit | **(7,614,441)** | (7,422,751) |
| | **(508,385)** | (779,534) |
| | **$ 794,478** | $ 647,631 |

Going concern (note 1)
Subsequent event (note 9)

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

| For the | three months ended | | six months ended | |
|---|---|---|---|---|
| | **April 30 2023** | **April 30 2022** | **April 30 2023** | **April 30 2022** |
| **Expenses** | | | | |
| Advertising and promotion | $ **(12,311)** | 118,123 | $ **5,389** | $ 163,632 |
| Management fees (note 7) | **16,500** | 16,500 | **33,000** | 33,000 |
| Office and administration | **29,410** | 22,672 | **46,502** | 47,981 |
| Professional fees | **41,876** | 13,678 | **55,500** | 39,820 |
| Regulatory and filing fees | **14,873** | 9,726 | **15,503** | 19,787 |
| Share-based compensation | **-** | - | **-** | 6,000 |
| | **(90,348)** | (180,699) | **(155,894)** | (310,220) |
| **Other income** | | | | |
| Exploration (expenses) recovery | **6,682** | - | **(42,581)** | **-** |
| Foreign exchange gain (loss) | **(10,541)** | (2,550) | **5,456** | 1,819 |
| Interest income | **1,595** | 49 | **1,329** | 99 |
| **Net and comprehensive loss** | $ **(92,612)** | (183,200) | $ **(191,690)** | $ (308,302) |
| **Basic and diluted loss per common share** | $ **(0.00)** | (0.00) | $ **(0.00)** | $ (0.01) |
| Basic and diluted weighted average number of common shares outstanding | **63,642,560** | 47,545,338 | **80,471,474** | 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

| | Share capital | Subscriptions received in advance | Option and warrant reserve | Deficit | Total Equity |
|---|---|---|---|---|---|
| **Balance at October 31, 2021** | **$ 5,703,409** | **$ -** | **$ 172,440** | **$ (1,461,315)** | **$ 4,414,534** |
| Subscriptions received in advance | - | 38,368 | - | - | 38,368 |
| Share issuance costs | - | - | - | - | - |
| Share-based compensation | - | - | 6,000 | - | 6,000 |
| Net loss | - | - | - | (308,302) | (308,302) |
| **Balance at April 30, 2022** | **$ 5,703,409** | **$ 38,368** | **$ 178,440** | **$ (1,769,617)** | **$ 4,150,600** |
| Subscriptions received in advance | - | 723,000 | - | - | 723,000 |
| Share issuance costs | - | - | - | - | - |
| Net loss | - | - | - | (5,653,134) | (5,653,134) |
| **Balance at October 31, 2022** | **$ 5,703,409** | **$ 761,368** | **$ 178,440** | **$ (7,422,751)** | **$ (779,534)** |
| Shares issued for cash | 475,000 | - | - | - | 475,000 |
| Subscriptions received in advance | - | 25,500 | - | - | 25,500 |
| Share issuance costs | (66,161) | - | 28,500 | - | (37,661) |
| Net loss | - | - | - | (191,690) | (191,690) |
| **Balance at April 30, 2023** | **$ 6,112,248** | **$ 786,868** | **$ 206,940** | **$ (7,614,441)** | **$ (508,385)** |

*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

| For the six months ended | April 30, 2023 | April 30, 2022 |
|---|---|---|
| **Cash provided by (used in):** | | |
| **Operating activities** | | |
| Net loss for the period | **$ (191,690)** | $ (308,302) |
| Items not affecting cash: | | |
| Depreciation – equipment | **2,772** | - |
| Depreciation – right of use asset | **15,782** | - |
| Foreign exchange | **2,515** | - |
| Share-based compensation | **-** | 6,000 |
| Changes in non-cash working capital: | | |
| Goods and services tax receivable | **(15,137)** | 3,494 |
| Accounts receivable and prepayments | **(9,160)** | (23,346) |
| Accounts payable and accrued liabilities | **(110,340)** | 402,637 |
| Cash provided by operating activities | **(305,258)** | 80,483 |
| **Investing activities** | | |
| Exploration and evaluation property exploration expenditures (note 4) | **-** | (478,062) |
| Cash used in investing activities | **-** | (478,062) |
| **Financing activities** | | |
| Proceeds from private placements | **475,000** | - |
| Lease payments | **(17,768)** | - |
| Subscriptions received in advance | **25,500** | - |
| Share issuance costs | **(37,661)** | (11,632) |
| Cash provided by financing activities | **445,071** | 376,368 |
| **Net increase in cash** | **139,813** | (21,211) |
| Cash, beginning of period | **5,132** | 72,270 |
| **Cash, end of period** | **$ 144,945** | $ 51,059 |

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

## 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 OTCPK 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 April 30, 2023, the Company had not generated revenues and had a working capital deficit of $970,579 (October 31, 2022 – $1,263,287) and an accumulated deficit of $7,600,414 (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 June 28, 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.

Expressed in Canadian Dollars

## 3. Exploration and evaluation properties

The Cortus portfolio includes a core of ten projects and six prospects, consisting of 1,381 registered claims, 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:

| | Acquisition | Exploration | Total |
|---|---|---|---|
| **Balance, October 31, 2021** | **$ 2,845,426** | **$ 1,805,643** | **$ 4,651,069** |
| Analytics | - | 13,078 | 13,078 |
| Claims and land use | 1,090 | - | 1,090 |
| Depreciation - equipment | - | 1,831 | 1,831 |
| Depreciation – right of use asset | - | 15,066 | 15,066 |
| Fieldwork – general | - | 191,334 | 191,334 |
| Geological consulting | - | 134,359 | 134,359 |
| Overhead and management fee | - | 82,833 | 82,833 |
| Travel and support | - | 40,172 | 40,172 |
| **Balance, April 30, 2022** | **$ 2,846,516** | **$ 2,284,316** | **$ 5,130,832** |
| Analytics | - | 57,231 | 57,231 |
| Claims and land use | 370,616 | - | 370,616 |
| Depreciation - equipment | - | 5,395 | 5,395 |
| Depreciation – right of use asset | - | 15,065 | 15,065 |
| Fieldwork – general | - | (39,679) | (39,679) |
| Geological consulting | - | 209,444 | 209,444 |
| Overhead and management | - | 15,014 | 15,014 |
| Travel and support | - | 14,024 | 14,024 |
| Impairment | (2,766,715) | (2,560,810) | (5,327,525) |
| **Balance, October 31, 2022 and April 30, 2023** | **$ 450,417** | **$ -** | **$ 450,417** |

Expressed in Canadian Dollars

## 4. 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 |
|---|---|---|
| **Balance at October 31, 2022** | **47,545,338** | **$ 5,703,409** |
| Shares issued in private placement | 47,500,000 | 475,000 |
| Share issuance costs, cash | - | (37,661) |
| Share issuance costs, non-cash | - | (28,500) |
| **Balance at April 30, 2023** | **95,045,338** | **6,112,248** |

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 |
|---|---|---|
| **Outstanding options, October 31, 2022** | **2,948,500** | **$ 0.12** |
| Expired | (150,000) | 0.10 |
| **Outstanding options, April 30, 2023** | **2,798,500** | **$ 0.12** |

Expressed in Canadian Dollars

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

| | | April 30, 2023 | | | October 31, 2022 |
|---|---|---|---|---|---|
| Exercise Price | Number of options | Remaining contractual life (years) | Exercise Price | Number of options | Remaining contractual life (years) |
| **$ -** | **-** | **-** | $ 0.10 | 150,000 | 0.1 |
| **0.05** | **880,000** | **1.5** | 0.05 | 880,000 | 2.0 |
| **0.15** | **1,680,000** | **2.3** | 0.15 | 1,680,000 | 2.8 |
| **0.15** | **238,500** | **2.8** | 0.15 | 238,500 | 3.2 |
| **$ 0.12** | **2,798,500** | **2.1** | $ 0.12 | 2,948,500 | 2.5 |

c) Warrants

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

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| **Outstanding warrants, October 31, 2022** | **24,592,394** | **$ 0.15** |
| Issued | 2,850,000 | 0.05 |
| **Outstanding options, April 30, 2023** | **27,442,394** | **$ 0.14** |

A summary of warrants outstanding and exercisable is as follows:

| | | April 30 2023 | | | October 31, 2022 |
|---|---|---|---|---|---|
| Exercise Price | Number of warrants | Remaining contractual life (years) | Exercise Price | Number of warrants | Remaining contractual life (years) |
| **$ 0.15** | **17,050,004** | **0.9** | $ 0.15 | 17,050,004* | 1.4 |
| **0.15** | **4,250,333** | **0.9** | 0.15 | 4,250,333* | 1.4 |
| **0.15** | **962,334** | **0.9** | 0.15 | 962,334* | 1.4 |
| **0.15** | **2,000,000** | **0.9** | 0.15 | 2,000,000* | 1.4 |
| **0.25** | **329,723** | **0.1** | 0.25 | 329,723 | 0.6 |
| **0.05** | **2,850,000** | **1.8** | - | - | - |
| **$ 0.14** | **27,442,394** | **1.0** | $ 0.15 | 24,592,394 | 1.4 |

* 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.

## 5. 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 April 30, 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 April 30, 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.

Expressed in Canadian Dollars

Classification of financial instruments

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

| | April 30, 2023 | October 31, 2022 |
|---|---|---|
| Financial assets at amortized cost | | |
| Cash | **$ 144,945** | $ 5,132 |
| Accounts Receivable | **-** | - |
| | **$ 144,945** | $ 5,132 |

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

| | April 30, 2023 | October 31, 2022 |
|---|---|---|
| Non-derivative financial liabilities | | |
| Accounts payable and accrued liabilities | **$ 1,162,157** | $ 1,272,498 |
| Lease liability | **122,406** | 136,367 |
| Loans | **18,300** | 18,300 |
| | **$ 1,302,863** | $ 1,427,165 |

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.

## 6. Equipment

| | Furniture and Office | Field Equipment | Total |
|---|---|---|---|
| **Balance October 31, 2022** | **$ 13,411** | **$ 13,498** | **$ 26,909** |
| Depreciation | (1,005) | (1,767) | (2,772) |
| **Balance, April 30, 2023** | **$ 12,406** | **$ 11,731** | **$ 24,137** |

Expressed in Canadian Dollars

## 7. 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:

| For the six months ended | | April 30, 2023 | | April 30, 2022 |
|---|---|---|---|---|
| Management fees paid to key management and directors | **$** | **33,000** | $ | 33,000 |
| | **$** | **33,000** | $ | 33,000 |

Related party balances

At April 30, 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.

## 8. 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 April 30, 2023, right-of-use assets are recorded as follows:

| | | 2023 |
|---|---|---|
| As at October 31, 2022 | $ | 115,936 |
| Depreciation | | (15,817) |
| Foreign exchange | | 1,325 |
| As at April 30, 2023 | $ | 101,444 |

(b) Lease Liabilities

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

| | | 2023 |
|---|---|---|
| Undiscounted minimum lease payments: | | |
| Less than one year | $ | 36,361 |
| Two to three years | | 77,143 |
| Three to four years | | 20,117 |
| | | 133,621 |
| Effect of discounting | | (11,215) |
| Present value of minimum lease payments | | 122,406 |
| Less current portion | | (28,810) |
| Long-term portion | $ | 93,596 |

Expressed in Canadian Dollars

(c) Lease Liabilities Continuity

As at April 30,2023, lease liabilities are recorded as follows:

| | | 2023 |
|---|---|---|
| As at October 31, 2022 | $ | 136,367 |
| Cash flows: | | |
| Leases payments | | (11,280) |
| Interest expense | | (6,486) |
| Foreign exchange | | 3,805 |
| As at April 30, 2023 | $ | 122,406 |