



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED
MAY 31, 2020 AND 2019**

(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

M3 METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2020

(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

M3 METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)**

| | May 31, 2020 | August 31, 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash | 270,388 | 1,150,893 |
| GST receivable | 6,182 | 10,902 |
| Due from related party (Note 8) | - | 22,370 |
| Prepaid expenses | 97,730 | 166,813 |
| Total current assets | 374,300 | 1,350,978 |
| Property and equipment (Note 3) | 9,490 | 12,233 |
| Exploration and evaluation properties (Note 4) | 2,797,508 | 2,305,889 |
| TOTAL ASSETS | 3,181,298 | 3,669,100 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities (Notes 5 and 8) | 83,134 | 98,687 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 6) | 41,099,182 | 40,573,831 |
| Reserves (Note 7) | 2,060,925 | 2,468,526 |
| Deficit | (40,061,943) | (39,471,944) |
| TOTAL SHAREHOLDERS' EQUITY | 3,098,164 | 3,570,413 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 3,181,298 | 3,669,100 |

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
COMMITMENTS (Note 12)
SUBSEQUENT EVENTS (Note 13)

Approved and authorized by the Board on July 29, 2020.

On behalf of the Board:

/s/ "Kosta Tsoutsis"
Director

/s/ "Adrian Smith"
Director

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

M3 METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)**

| | For the three months ended May 31, | | For the nine months ended May 31, | |
|--|---------------------------------------|--------------------|--------------------------------------|--------------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Expenses | | | | |
| Consulting fees (Note 8) | 75,071 | 170,776 | 220,100 | 470,004 |
| Depreciation (Note 3) | 914 | 984 | 2,743 | 2,953 |
| Investor relations | 1,885 | 2,733 | 19,404 | 3,183 |
| Marketing | 1,871 | 2,867 | 228,039 | 23,967 |
| Office and administration (Note 8) | 24,601 | 32,130 | 85,018 | 89,698 |
| Professional fees | 5,690 | 2,655 | 26,330 | 29,035 |
| Property investigation costs | - | 130 | - | 19,137 |
| Share-based compensation | - | 762,102 | - | 762,102 |
| Travel and related | 1,572 | 5,391 | 17,796 | 10,268 |
| | (111,604) | (979,768) | (599,430) | (1,410,347) |
| Reversal of flow-through premium liability | - | - | - | 187,681 |
| Gain on settlement of accounts payable | - | - | - | 26,905 |
| Recovery (write off) of exploration and evaluation properties (Note 4) | - | (1,205,532) | 9,431 | (1,205,533) |
| | - | (1,205,532) | 9,431 | (990,947) |
| Loss and comprehensive loss for the period | (111,604) | (2,185,300) | (589,999) | (2,401,294) |
| Basic and diluted loss per share | (0.00) | (0.14) | (0.02) | (0.19) |
| Weighted average number of common shares outstanding | 30,501,403 | 15,698,795 | 30,069,499 | 12,412,603 |

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

M3 METALS CORP.CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

| | For the nine months ended May 31, | |
|---|--------------------------------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Loss for the period | (589,999) | (2,401,294) |
| Items not affecting cash: | | |
| Depreciation | 2,743 | 2,953 |
| Share-based compensation | - | 762,102 |
| Write off (recovery) of exploration and evaluation properties | (9,431) | 1,205,533 |
| Reversal of flow-through premium liability | - | (187,681) |
| Changes in non-cash working capital items: | | |
| GST receivable | 4,720 | 30,194 |
| Due from related party | 22,370 | - |
| Prepaid expenses | 69,083 | 135,358 |
| Accounts payable and accrued liabilities | (31,570) | (184,595) |
| | (532,084) | (637,430) |
| Cash flows from investing activities | | |
| Exploration and evaluation property expenditures | (466,171) | (653,492) |
| Cash flows from financing activities | | |
| Proceeds from share issuances | - | 1,900,000 |
| Share issuance costs | - | (40,862) |
| Warrants exercised | 117,750 | - |
| | 117,750 | 1,859,138 |
| Net change in cash | (880,505) | 568,216 |
| Cash, beginning of the period | 1,150,893 | 1,055,114 |
| Cash, end of the period | 270,388 | 1,623,330 |
| Supplemental cash flow information | | |
| Reclassification of warrants exercised | 34,510 | - |
| Reclassification of expired warrants | 373,091 | 454,801 |
| Reclassification of expired stock options | - | 1,338,033 |
| Exploration and evaluation assets in accounts payable and accrued liabilities | 16,577 | - |
| Value of warrants issued in private placement | - | 831,301 |
| Value of finders' warrants issued in private placement | - | 27,965 |

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

M3 METALS CORP.CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

| | Number of Shares Issued # | Share Capital \$ | Reserves \$ | Deficit \$ | Total Shareholders' Equity \$ |
|---|---------------------------------|---------------------|------------------|---------------------|--|
| Balance at August 31, 2018 | 10,742,273 | 39,079,646 | 2,639,992 | (38,253,165) | 3,466,473 |
| Shares issued in private placement | 19,000,000 | 1,068,699 | 831,301 | - | 1,900,000 |
| Share issuance costs | - | (68,827) | 27,965 | - | (40,862) |
| Stock options cancelled | - | - | (1,338,033) | 1,338,033 | - |
| Stock options granted | - | - | 762,102 | - | 762,102 |
| Warrants expired | - | 454,801 | (454,801) | - | - |
| Loss for the period | - | - | - | (2,401,294) | (2,401,294) |
| Balance at May 31, 2019 | 29,742,273 | 40,534,319 | 2,468,526 | (39,316,426) | 3,686,419 |
| Share issuance costs | - | 512 | - | - | 512 |
| Shares issued for exploration and evaluation assets | 60,000 | 39,000 | - | - | 39,000 |
| Loss for the period | - | - | - | (155,518) | (155,518) |
| Balance at August 31, 2019 | 29,802,273 | 40,573,831 | 2,468,526 | (39,471,944) | 3,570,413 |
| Warrants exercised | 785,000 | 152,260 | (34,510) | - | 117,750 |
| Warrants expired | - | 373,091 | (373,091) | - | - |
| Loss for the period | - | - | - | (589,999) | (589,999) |
| Balance at May 31, 2020 | 30,587,273 | 41,099,182 | 2,060,925 | (40,061,943) | 3,098,164 |

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

M3 METALS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2020
(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

1. NATURE AND CONTINUANCE OF OPERATIONS

M3 Metals Corp. (the “Company”) was incorporated under the Canada Business Corporations Act (CBCA) on February 27, 2007 and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol V.MT. The Company’s business is to acquire, explore and develop interests in mineral properties located in North America.

The Company’s registered office is Suite 650 – 1188 West Georgia Street, Vancouver, BC, Canada, V6E 4A2. The Company maintains an executive office at Suite 2310 – 1177 West Hastings Street, Vancouver, BC, Canada, V6E 2K3.

The Company’s exploration and evaluation properties are at the exploration and evaluation stage and are without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company has a deficit of \$40,061,943 and has incurred ongoing losses since inception. As at May 31, 2020, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management believes that the Company has sufficient working capital to meet the Company’s obligations over the next twelve month.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company’s. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These condensed interim consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on July 29, 2020.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2020
(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The following is a summary of significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting”, using accounting policies that are consistent and in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) that are in effect at May 31, 2020.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the years ended August 31, 2019 and 2018, except for the following:

Lease

On September 1, 2019, the Company adopted IFRS 16 – Leases (“IFRS 16”) which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The following is the accounting policy for leases as of September 1, 2019 upon adoption of IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Statement of compliance (continued)

Lease (continued)

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Basis of presentation

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's annual audited financial statements for the year ended August 31, 2019.

The Company's interim results are not necessarily indicative of its results for a full year.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ML Nevada Corp. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2020
(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Use of estimates

The preparation of condensed interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation properties, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation properties

Management determined exploration, evaluation, and related costs incurred which are capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forecasted dividend rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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 (EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)**Recent Accounting Pronouncements**

Other recent accounting pronouncements issued by IFRS as issued by IASB and IFRIC did not, or are not believed by management to, have a material impact on the Company's present or future financial position, results of operations or cash flows.

3. PROPERTY AND EQUIPMENT

| | Computer hardware \$ | Equipment \$ | Vehicles \$ | Total \$ |
|--|----------------------------|-----------------|----------------|----------------|
| Cost: | | | | |
| At August 31, 2018 | 29,462 | 24,740 | 101,524 | 155,726 |
| Additions | 2,040 | - | - | 2,040 |
| At August 31, 2019 and May 31, 2020 | 31,502 | 24,740 | 101,524 | 157,766 |
| Depreciation: | | | | |
| At August 31, 2018 | 29,393 | 19,859 | 91,783 | 141,035 |
| Charge for the year | 600 | 976 | 2,922 | 4,498 |
| At August 31, 2019 | 29,993 | 20,835 | 94,705 | 145,533 |
| Charge for the period | 623 | 586 | 1,534 | 2,743 |
| At May 31, 2020 | 30,616 | 21,421 | 96,239 | 148,276 |
| Net book value: | | | | |
| At August 31, 2019 | 1,509 | 3,905 | 6,819 | 12,233 |
| At May 31, 2020 | 886 | 3,319 | 5,285 | 9,490 |

M3 METALS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2020
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4. EXPLORATION AND EVALUATION PROPERTIES

| | Schefferville \$ | Pinnacle Reef \$ | Aspen \$ | Stars \$ | Palmetto \$ | Mohave \$ | Total \$ |
|--|---------------------|------------------------|----------------|------------------|----------------|----------------|------------------|
| Balance, August 31, 2018 | 1 | 1,237,849 | 181,051 | 1,641,969 | 1 | - | 3,060,871 |
| Property acquisition costs | - | - | - | 79,000 | - | - | 79,000 |
| <i>Exploration expenditures:</i> | | | | | | | |
| Drilling | - | - | - | 480,599 | - | - | 480,599 |
| Geological | - | - | - | 38,030 | - | - | 38,030 |
| | - | - | - | 597,629 | - | - | 597,629 |
| BC mineral exploration tax credit recoverable | - | (32,317) | (183) | (114,578) | - | - | (147,078) |
| Write-off of exploration and evaluation properties | - | (1,205,532) | - | - | (1) | - | (1,205,533) |
| Balance, August 31, 2019 | 1 | - | 180,868 | 2,125,020 | - | - | 2,305,889 |
| Property acquisition costs | - | - | - | - | (9,431) | 101,024 | 91,593 |
| <i>Exploration expenditures:</i> | | | | | | | |
| Drilling | - | - | - | 5,000 | - | - | 5,000 |
| Geological | 142,605 | - | 2,467 | 4,384 | - | 236,139 | 385,595 |
| | 142,605 | - | 2,467 | 9,384 | (9,431) | 337,163 | 482,188 |
| Recovery of exploration and evaluation properties | - | - | - | - | 9,431 | - | 9,431 |
| Balance, May 31, 2020 | 142,606 | - | 183,335 | 2,134,404 | - | 337,163 | 2,797,508 |

Schefferville Properties

In 2011, the Company acquired a 100% interest in a number of properties. These properties are subject to certain royalty interests and NSRs.

The Pinnacle Reef Property

In July 2016, the Company entered into a mineral property option agreement with Pacific Empire Minerals Corp. whereby the Company was granted the option to acquire up to a 70% interest in the Pinnacle Reef Property located in central British Columbia.

In July 2019, the Company decided not to proceed with the acquisition and terminated the option agreement. As at August 31, 2019, the Company wrote-off the related costs it had incurred resulting in a write-off of \$1,205,532 being recognized.

Aspen Gold Property

In July 2016, the Company entered into an agreement (later amended in October 2016) with a company controlled by officer and directors to acquire a 90% interest in the Aspen Gold Property located in central British Columbia. The related party will retain a 10% interest in the property. Under the terms of the amended agreement, the purchase price for the interest was \$100,000 (paid).

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Stars Property

In November 2017, the Company entered into two separate option agreements to acquire, by way of option, up to 80% of certain mining claims in the Omineca Mining Division located in north central British Columbia, approximately 40 kilometers south - southwest of Houston, BC (collectively, the “Stars Property”). The Company can earn a total of 80% interest in the Stars Property by fully exercising the options in the First Agreement and the Second Agreement as outlined below.

The first agreement (the “First Agreement”) is with Pacific Empire Minerals Corp., an arm’s length party which currently owns 50% of the Stars Property. Under the terms of the First Agreement, the Company has the option to earn up to a 30% interest in the Stars Property by completing the following:

| | Cash payment (\$) | Common shares | Expenditures (\$) |
|------------------------------------|-------------------------------|---------------------------------|-----------------------------------|
| Upon TSX-V approval – June 5, 2018 | (paid) 10,000 | (issued) 10,000 | - |
| On or before June 5, 2019 | (paid) 20,000 | (issued) 20,000 | (incurred) 500,000 ¹ |
| On or before June 5, 2020 | (paid 50,000 subsequently) | (issued 30,000 subsequently) | (incurred) 1,000,000 ¹ |
| On or before June 5, 2021 | - | - | 3,000,000 |
| Total Requirement | 80,000 | 60,000 | 4,500,000 |

¹ As at May 31, 2020, the Company had incurred \$2,121,982 in exploration expenditures.

The second agreement (the “Second Agreement”) (and subsequently amended in June 2020) is with Divitiae Resources Ltd., a non-arm’s-length party owned by Adrian Smith, P. Geo, a director of the Company, which currently owns 50% of the Stars Property. Under the terms of the Second Agreement, the Company has the option to earn up to an additional 50% interest in the Stars Property by completing the following:

| | Cash payment (\$) | Common shares |
|--|-------------------|---------------------------------|
| Upon TSX-V approval – June 5, 2018 | (paid) 10,000 | (issued) 20,000 |
| On or before June 5, 2019 | (paid) 20,000 | (issued) 40,000 |
| On or before June 5, 2020 | - | (issued 30,000 subsequently) |
| The earlier of: (i) on June 5, 2021; or (ii) the Company completed a financing for gross proceeds exceeding \$100,000 | 50,000 | - |
| On or before June 5, 2021 | 50,000 | 100,000 |
| Total Requirement | 130,000 | 190,000 |

Palmetto Property

In October 2016, the Company entered into an option agreement to acquire a 100% right, title and interest to unpatented mining claims (the “Palmetto Project”) located in Nevada. As at August 31, 2018, the Company did not have any future exploration plan on the Palmetto Project. As a result, the Company wrote down the property to \$1. As at January 2, 2019, the Company terminated the option agreement in relation to the Palmetto Project and wrote off the Palmetto Project. During the nine months ended May 31, 2020, the Company recorded a recovery of \$9,431 relating to a refund of claim maintenance fees.

Mohave Property

On September 21, 2019, the Company entered into an option agreements with DDS Resources LLC and Mohave Mine Partnership LLC (collectively, “Optionors”) to acquire, by way of option, up to 100% of certain mining claims in the Weaver mining district, Mohave County, Arizona, USA (collectively, the “Mohave Mine Gold Property”).

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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**Mohave Property (continued)**

Under the terms of the agreement, the Company has the option to earn up to a 100% interest in the Mohave Mine Gold Property by completing the following:

| | Cash payment (US\$) | | Expenditures (US\$) | |
|--|---------------------|------------------|---------------------|------------------|
| Within ten days of execution of the agreement* | (paid) | 50,000 | - | - |
| On or before the Payment Commencement Date** | - | - | (incurred) | 50,000 |
| On or before 10 days after the Payment Commencement Date** | - | 75,000 | - | - |
| On or before the first anniversary of the Payment Commencement Date** | - | - | - | 200,000 |
| On or before 10 days after the first anniversary of the Payment Commencement Date** | - | 100,000 | - | - |
| On or before the second anniversary of the Payment Commencement Date** | - | - | - | 300,000 |
| On or before 10 days after the second anniversary of the Payment Commencement Date** | - | 150,000 | - | - |
| On or before the third anniversary of the Payment Commencement Date** | - | - | - | 350,000 |
| On or before 10 days after the third anniversary of the Payment Commencement Date** | - | 200,000 | - | - |
| On or before the fourth anniversary of the Payment Commencement Date** | - | - | - | 400,000 |
| On or before 10 days after the fourth anniversary of the Payment Commencement Date** | - | 3,000,000 | - | - |
| Total Requirement | | 3,575,000 | | 1,300,000 |

*The Company was also required, under the terms of the agreement, to pay the BLM claim maintenance fees (paid) for the period September 1, 2019 to August 31, 2020.

** Payment Commencement Date shall commence on the earlier of: (i) the date the Company has received all required governmental permits to carry out its initial exploration program on the Mohave Mine Gold Property; (ii) eighteen months after September 21, 2019 provided that it cannot be less than twelve months.

Upon the completion of all payments, the Company will grant a 1.5% net smelter royalty to the Optionors.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | May 31, 2020 | August 31, 2019 |
|---------------------|---------------|-----------------|
| | \$ | \$ |
| Accounts payable | 19,084 | 7,637 |
| Accrued liabilities | 64,050 | 91,050 |
| | 83,134 | 98,687 |

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6. SHARE CAPITAL

Authorized share capital

Unlimited common shares without par value.

Issued share capital

During the nine months ended May 31, 2020:

The Company issued 785,000 common shares in connection with the exercise of 785,000 warrants with an exercise price of \$0.15 for total proceeds of \$117,750 (Note 7).

During the year ended August 31, 2019:

On June 5, 2019, the Company issued 60,000 common shares in connection to the property option agreements for the Stars Property valued at \$39,000 (Note 4).

On May 13, 2019, the Company completed a private placement for gross proceeds of \$1,900,000 which consisted of the issuance of 19,000,000 units at a price of \$0.10 per unit. Each unit comprised of one common share of the Company and one full, non-transferable warrant, which is exercisable into one common share at a price of \$0.15 for a period of two years. The warrants were valued at \$831,301 or \$0.04 per warrant using the relative fair value method and the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.53%, volatility of 170%, and nil forecasted dividend yield. Finder's fees totaling \$30,100 cash and 616,000 finder's warrants were paid and issued in connection with the private placement financing. Each finder's warrant entitles the holder to purchase one common share of the Company exercisable at a price of \$0.15, for a period of two years from closing. The finder's warrants were valued at an aggregate of \$27,965 or \$0.05 per warrant using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.53%, volatility of 170%, and nil forecasted dividend yield.

7. RESERVES

Stock options

The Company has a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company. Vesting and term of the option is determined by the board of directors in accordance with the Plan and the policies of the TSX-V.

On May 13, 2019, the Company granted 2,970,000 stock options to certain officers, directors and consultants of the Company for a term of five years exercisable at a price of \$0.17 per option valued at \$762,102 or \$0.26 per option estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.46%, volatility of 213%, and nil forecasted dividend yield. All options vested immediately on grant.

During the year ended August 31, 2019, the Company cancelled 1,052,000 stock options. As a result, the Company transferred \$1,338,033 representing the fair value of the cancelled share options from reserves to deficit.

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7. RESERVES (CONTINUED)**Stock options (Continued)**

A summary of stock option activities is as follows:

| | Number of options # | Weighted average exercise price \$ |
|--|------------------------|--|
| Balance, August 31, 2018 | 1,052,000 | 1.26 |
| Cancelled | (1,052,000) | 1.26 |
| Granted | 2,970,000 | 0.17 |
| Balance, August 31, 2019 and May 31, 2020 | 2,970,000 | 0.17 |

A summary of the stock options outstanding and exercisable at May 31, 2020 is as follows:

| Exercise Price \$ | Number Outstanding and Exercisable | Expiry Date |
|----------------------|---------------------------------------|--------------|
| 0.17 | 2,970,000 | May 13, 2024 |

The weighted average life of the outstanding stock options is 3.95 years.

Warrants

During the nine months ended May 31, 2020, the Company issued 785,000 common shares in connection with the exercise of 785,000 warrants with an exercise price of \$0.15 for total proceeds of \$117,750. As a result, the Company transferred \$34,510 representing the fair value of the exercised warrants from reserves to share capital (Note 6). In addition, 873,321 warrants expired and, as a result, reclassified \$373,091 from reserves to share capital.

A summary of share purchase warrant activities is as follows:

| | Number of warrants | Weighted average exercise price \$ |
|---------------------------------|--------------------|--|
| Balance, August 31, 2018 | 3,163,621 | 1.49 |
| Expired | (648,750) | 2.00 |
| Issued | 19,616,000 | 0.15 |
| Balance, August 31, 2019 | 22,130,871 | 0.29 |
| Exercised | (785,000) | 0.15 |
| Expired | (873,321) | 1.60 |
| Balance, May 31, 2020 | 20,472,550 | 0.24 |

A summary of the warrants outstanding and exercisable at May 31, 2020 is as follows:

| Exercise Price \$ | Number Outstanding | Expiry Date |
|----------------------|--------------------|---------------|
| 1.20 | *1,273,750 | June 26, 2020 |
| 0.80 | *35,700 | June 26, 2020 |
| 1.40 | *302,500 | June 26, 2020 |
| 1.00 | *29,600 | June 26, 2020 |
| 0.15 | 18,831,000 | May 13, 2021 |
| | 20,472,550 | |

*Subsequent to May 31, 2020, these warrants expired unexercised.

The weighted average life of the outstanding warrants is 0.88 years.

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8. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. As at May 31, 2020, the Company has \$13,427 (August 31, 2019 - \$1,507) included in accounts payable and accrued liabilities due to officers, directors and companies controlled by officers and directors. In addition, \$nil (August 31, 2019 - \$22,370) was included in due from related party owing from a company related by virtue of a common officer and a common director for reimbursement of expenses.

Summary of key management personnel compensation:

| | For the nine months ended May 31, | |
|--------------------------|-----------------------------------|----------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Consulting fees | 217,100 | 257,000 |
| Share-based compensation | - | 499,087 |
| | 217,100 | 756,087 |

In addition, the following amounts were incurred with respect to officers, directors and companies controlled by officers and directors:

| | For the nine months ended May 31, | |
|--|-----------------------------------|----------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Exploration and evaluation property expenditures | 18,837 | 332,043 |
| Rent | 22,500 | 27,000 |
| | 41,337 | 359,043 |

9. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restrictions. The Company did not change its approach to capital management during the nine months ended May 31, 2020.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's financial instruments consist of cash, GST receivable, due from related party and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at May 31, 2020, the Company does not have significant net assets or liabilities in US dollars, therefore, the Company has determined that there is very limited currency risk at this time.

b) Credit risk

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and GST receivable is due from the Government of Canada. The Company's financial instrument related to the GST receivable is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it holds cash majority.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) Commodity price risk

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

11. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

| | As at May 31, 2020 | | |
|---------------------------------------|--------------------|----------------|------------------|
| | Canada | US | Total |
| | \$ | \$ | \$ |
| Property and equipment | 9,490 | - | 9,490 |
| Exploration and evaluation properties | 2,460,345 | 337,163 | 2,797,508 |
| | 2,469,835 | 337,163 | 2,806,998 |

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11. SEGMENTED INFORMATION (CONTINUED)

| | As at August 31, 2019 | | |
|---------------------------------------|-----------------------|----------|------------------|
| | Canada | US | Total |
| | \$ | \$ | \$ |
| Property and equipment | 12,233 | - | 12,233 |
| Exploration and evaluation properties | 2,305,889 | - | 2,305,889 |
| | 2,318,122 | - | 2,318,122 |

12. COMMITMENTS

On May 1, 2019, the Company entered into a consulting agreement with the CFO and director of the Company. The agreement requires monthly payments of \$3,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

On May 1, 2019, the Company entered into a management agreement with the President and director of the Company. The agreement requires monthly payments of \$10,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

On May 1, 2019, the Company entered into a consulting agreement with the CEO and director of the Company. The agreement requires monthly payments of \$10,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

13. SUBSEQUENT EVENTS

1. In June 2020, 1,641,550 warrants with a weighted average exercise price of \$1.22 per share expired unexercised.
2. In June 2020, the Company issued 60,000 common shares in connection to the property option agreements for the Stars Property (Note 4).
3. In July 2020, the Company entered into a definitive mineral property option agreement (“Definitive Agreement”) with Huffington Capital Corp. (“HCC”). Under the Definitive Agreement, HCC can earn up to a 90% interest in the Mohave Mine Gold Property for a total consideration of \$6,100,000 in cash, of which \$5,000,000 can be paid in cash or in value of shares to the Company, and an aggregate of \$3,000,000 in exploration expenditures on the Mohave Mine Gold Property. HCC is also responsible to keep the underlying agreement between DDS Resources LLC and the Company in good standing by making the necessary cash payments and completing exploration expenditures requirement.