

CRYSTAL PEAK MINERALS INC.

UNAUDITED*

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2020 and 2019**

*Notice of Disclosure of Non-Auditor Review of Interim Financial Statements

Pursuant to Ontario Securities Act National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Crystal Peak Minerals Inc. ('the Company') for the interim periods ended September 30, 2020 and 2019 have been prepared in accordance with IAS 34, Interim Financial Reporting and are the responsibility of the Company's management.

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

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November 19, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements (the “Financial Statements”) of Crystal Peak Minerals Inc. (the “Company”) are the responsibility of the Company’s Board of Directors and management. These Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the Financial Statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are consistent with IFRS appropriate in the circumstances.

Management has established processes that are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that: (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the Financial Statements; and (ii) the Financial Statements fairly present in all material respects the Company’s financial condition, results of operations, and cash flows, as of the date of, and for the periods presented by, the Financial Statements.

The Board of Directors is responsible for reviewing and approving the Financial Statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, and the Financial Statements. The Audit Committee also reviews the Company’s Management Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the Financial Statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Financial Statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Dean Pekeski
Dean Pekeski, CEO

/s/ Blake Measom
Blake Measom, CFO

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2020 and December 31, 2019
(Unaudited and Expressed in US Dollars)

Nature of Operations and Going Concern (Note 1)

As at	September 30, 2020	December 31, 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 506,287	\$ 1,018,643
Receivables	15,379	18,358
Prepaid expenses	9,536	9,536
	531,202	1,046,537
Non-current		
Restricted cash (Note 4)	43,721	43,662
Property, plant and equipment, (Note 5)	84,750,804	84,079,509
	\$ 85,325,727	\$ 85,169,708
LIABILITIES		
Current		
Trade and other payables	\$ 156,640	\$ 892,587
Interest payable	1,147,292	1,054,410
Convertible debt (Note 7)	13,107,597	10,000,000
	14,411,529	11,946,997
Non-current		
Repurchase obligation (Note 7)	1,500,000	1,500,000
Provisions for environmental rehabilitation obligations	270,239	233,979
Warrant liability (Note 8)	-	4,511
	16,181,768	13,685,487
SHAREHOLDERS' EQUITY		
Voting common shares	97,994,073	96,808,358
Non-voting common shares	801,043	801,043
Contributed surplus	6,670,113	7,283,686
Accumulated deficit	(35,831,404)	(32,919,000)
Foreign currency translation reserve	(489,866)	(489,866)
	69,143,959	71,484,221
	\$ 85,325,727	\$ 85,169,708

These Financial Statements are authorized for issue by the Board of Directors on November 19, 2020, and signed on the Company's behalf by:

/s/ De Lyle Bloomquist
De Lyle Bloomquist, Director

/s/ Dan Basse
Dan Basse, Director

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended September 30, 2020 and 2019
(Unaudited and Expressed in US Dollars)

	3 Months Ended		9 Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
EXPENSES				
General and administrative	\$ (327,505)	\$ 372,113	\$ 468,591	\$ 1,197,325
Depreciation	158	522	2,385	1,695
Investor relations	40,137	100,513	171,869	322,640
Professional fees	74,189	111,780	580,443	489,264
Compensation related to restricted share units	291,905	10,119	423,760	112,299
Share-based compensation	14,369	23,027	60,231	69,863
	(93,253)	(618,074)	(1,707,279)	(2,193,086)
OTHER ITEMS				
Interest income	184	5,429	3,842	22,649
Change in fair value of derivative and warrant liability (Note 7, Note 8)	10,829	70,477	71,681	282,168
Net loss of equity method investee	-	-	-	(441)
Accretion expense	(17,248)	(115,513)	(52,353)	(245,171)
Finance expenses	(424,644)	(312,673)	(1,217,303)	(1,037,714)
Foreign exchange gain (loss)	(298)	(10,905)	(10,992)	(24,566)
Net loss before income taxes	(524,430)	(981,259)	(2,912,404)	(3,196,161)
Income tax	-	-	-	-
Net loss for the period	\$ (524,430)	\$ (981,259)	\$ (2,912,404)	\$ (3,196,161)
Comprehensive loss for the period	\$ (524,430)	\$ (981,259)	\$ (2,912,404)	\$ (3,196,161)
Basic and diluted loss per share (Note 11)	\$ -	\$ -	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	298,192,314	293,950,175	296,103,626	279,401,458

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited and Expressed in US Dollars)

	Voting common	Non-voting common	Share purchase warrants	Contributed surplus	Accumulated deficit	Foreign currency translation reserve	Total shareholders' equity
Balance as at January 1, 2020	\$ 96,808,358	\$ 801,043	\$ -	\$ 7,283,686	\$ (32,919,000)	\$ (489,866)	\$ 71,484,221
Net loss for the period ended June 30, 2020	-	-	-	-	(2,912,404)	-	(2,912,404)
Total comprehensive loss for the period	-	-	-	-	(2,912,404)	-	(2,912,404)
Share-based compensation (Note 10)	-	-	-	75,025	-	-	75,025
Compensation related to restricted share units (Note 10)	-	-	-	497,117	-	-	497,117
Common shares issued upon release of restricted share units (Note 10)	1,185,715	-	-	(1,185,715)	-	-	-
Balance as at September 30, 2020	\$ 97,994,073	\$ 801,043	\$ -	\$ 6,670,113	\$ (35,831,404)	\$ (489,866)	\$ 69,143,959
Balance as at January 1, 2019	\$ 77,836,357	\$ 801,043	\$ 37,717	\$ 7,515,114	\$ (28,601,912)	\$ (489,866)	\$ 57,098,453
Net loss for the period ended June 30, 2019	-	-	-	-	(3,196,161)	-	(3,196,161)
Total comprehensive loss for the period	-	-	-	-	(3,196,161)	-	\$ (3,196,161)
Share-based compensation	-	-	-	100,032	-	-	100,032
Compensation related to restricted share units	-	-	-	112,299	-	-	112,299
Common shares issued pursuant to private placement	4,535,538	-	-	-	-	-	4,535,538
Common shares issued upon release of restricted share units	632,085	-	-	(632,085)	-	-	-
Warrants Expired	-	-	(37,717)	37,717	-	-	-
Common shares issued for convertible debt interest payment	1,804,378	-	-	-	-	-	1,804,378
Common shares issued for convertible debt principal payment	12,000,000	-	-	-	-	-	12,000,000
Balance as at September 30, 2019	\$ 96,808,358	\$ 801,043	\$ -	\$ 7,133,077	\$ (31,798,073)	\$ (489,866)	\$ 72,454,539

The accompanying notes are an integral part of these Financial Statements

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited and Expressed in US Dollars)

	Nine Months Ended	
	September 30, 2020	September 30, 2019
OPERATING ACTIVITIES		
Net loss before income taxes	\$ (2,912,404)	\$ (3,196,161)
Adjustments for:		
Depreciation	2,385	1,695
Share-based compensation	60,231	69,863
Compensation related to restricted share units	423,760	112,299
Accretion expense	52,353	245,171
Non-cash interest expense	1,217,303	933,238
Change in fair value of derivative and warrant liabilities	(71,681)	(282,168)
Share of net (income) loss of equity method investee	-	441
Changes in working capital:		
Receivables	2,979	4,559
Prepaid expenses	-	(2,280)
Trade and other payables	(604,059)	(340,263)
Net cash used in operating activities	(1,829,133)	(2,453,606)
INVESTING ACTIVITIES		
(Increase) or decrease in restricted cash	(59)	28,079
Additions to property, plant and equipment	(683,164)	-
Additions to mineral properties	-	(4,536,379)
Net cash used in investing activities	(683,223)	(4,508,300)
FINANCING ACTIVITIES		
Proceeds from convertible debt	2,000,000	-
Proceeds from private placement	-	4,960,667
Net cash provided by financing activities	2,000,000	4,960,667
Net change in cash and cash equivalents	(512,356)	(2,001,239)
Cash and cash equivalents, beginning of period	1,018,643	4,314,583
Cash and cash equivalents, end of period	\$ 506,287	\$ 2,313,344

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited and Expressed in US Dollars)

Note 1. Nature of Operations and Going Concern

Crystal Peak Minerals Inc. (“CPM” or the “Company”) is a public company listed on the TSX NEX Board. CPM’s common shares trade on the TSX NEX Board under the symbol “CPM.H”. CPM’s common shares also trade on the OTCQB International under the symbol “CPMMF”. CPM is domiciled in the Yukon Territory, Canada, and the address of its registered office is 200 – 204 Lambert Street, Whitehorse, Yukon Territory, Y1A 3T2.

CPM, together with its subsidiaries, operates a development-stage entity focused on the development, construction and operation of a potassium sulfate (“SOP”) project on the Sevier Playa in west central Utah (the “Sevier Playa Project”). The Company completed work on a definitive feasibility study (the “FS”) in December 2017, in line with the standards of Canadian National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, the results of which were published on February 21, 2018. During 2018 and 2019 CPM continued permitting, engineering, and financing activities designed to move the Sevier Playa Project toward construction.

These condensed interim consolidated financial statements (the “Financial Statements”) are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to a going concern. These standards assume CPM will be able to continue to operate for the foreseeable future, realize its assets, and settle its liabilities in the normal course of operations.

The use of these principles may ultimately be inappropriate since there are material uncertainties that may cast significant doubt about CPM’s ability to continue as a going concern given its history of losses, accumulated deficit, limited operating history in the fertilizer sector, and dependence upon future financing. The \$13,124,422 convertible loan from EMR Capital (Note 7) will be repayable in January 2021 unless refinanced or converted into common shares by the note holder.

In March 2020, the World Health Organization characterized the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19” as a global pandemic. This has resulted in the United States government enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business in the United States and around the world resulting in a global economic slowdown. Equity markets have experienced significant volatility and weakness and governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. There is significant uncertainty as to the likely effects of this outbreak which may, among other things, impact our ability to raise further financing. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Company in future periods.

CPM’s ability to continue as a going concern is currently dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its liabilities, ongoing permitting work, and ultimate project development and construction. Management continues to pursue financing alternatives in connection with the evaluation and development of the Sevier Playa Project.

Although CPM has been successful in raising funds in prior reporting periods, there can be no assurance that the steps management is taking, and will continue to take, will be successful in future reporting periods. If the going concern basis were not appropriate, material adjustments may be necessary in the carrying amounts and/or classification of assets and liabilities and losses reported in these Financial Statements.

Note 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all periods presented.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2020 and 2019
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Basis of Preparation

These Financial Statements have been prepared in accordance with IFRS and with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting. Further, the Financial Statements have been prepared, primarily, under the historical cost convention.

These Financial Statements were authorized for issuance on November 19, 2020 by the Board of Directors.

Principles of Consolidation

These Financial Statements include the Company’s accounts and those of its wholly-owned subsidiaries, Peak Minerals Inc. (Peak Minerals), and Emerald Peak Minerals LLC, (“Emerald Peak”). Effective March 1, 2019, the Company purchased all of the membership interests of Emerald Peak held by both the Estate of Jeff Gentry, and Lance D’Ambrosio (former directors and officers of the Company) for \$349,452. Peak Minerals also received an assignment of membership interests and that portion of the capital account attributable to the purchased interests, but did not receive the rights to their combined 4.5% future overriding royalties. As a result, Emerald Peak became a direct, wholly-owned subsidiary of the Company. Emerald Peak’s capital was then reduced to zero and the mineral leases, previously held by Emerald Peak, were transferred to Peak Minerals. The LLC was dissolved in April 2019 (Note 6).

All intercompany accounts and transactions have been eliminated on consolidation. All amounts, unless specifically indicated otherwise, are presented in U.S. dollars.

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Segment Reporting

The Company currently has only one operating segment as the Company’s operating results are reviewed on a consolidated basis. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

Foreign Currency Translation

Presentation and Functional Currency

These Financial Statements are presented in U.S. dollars. The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Accordingly, the Company’s functional currency is the U.S. dollar.

Transactions and Balances

Transactions that occur in a foreign currency are translated and recorded into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses that result from the settlement of transactions and

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the translation of monetary assets and liabilities are recognized in the Consolidated Statement of Loss. For reporting purposes, monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate as at the date of the Consolidated Statement of Financial Position. Nonmonetary items are not retranslated as at the date of the Consolidated Statement of Financial Position, but remain translated at historical cost using the exchange rate as at the date of the original transaction.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The costs of property, plant, and equipment are composed of purchase price plus all costs directly attributable to bringing the assets to the location and condition necessary for their intended operation. Property, plant, and equipment are depreciated to their estimated residual value over their useful lives, beginning in the month following completion of the capital spending on a project or the month following the time when the assets become available for use.

The Company depreciates its property, plant, and equipment on a straight-line basis as follows:

Computers and equipment	2-5 years
Furniture and fixtures	2-5 years
Project equipment	2-5 years
Buildings	35 years

Interest in Mineral Properties

All costs related to the acquisition, exploration, evaluation, and development of mineral properties are capitalized by property where there is an expectation that the costs will be recovered. These costs are capitalized until the beginning of commercial production and will be subsequently amortized on a unit-of-production basis over the total reserves or will be written down to the recoverable amount if exploration and evaluation activities prove unsuccessful, if the mineral property is abandoned, or if the costs are no longer recoverable.

These capitalized activities include:

- acquisition of property rights or rights to explore, including all ongoing ownership costs;
- researching and analyzing historical exploration and evaluation data;
- gathering exploration data through topographical, geochemical, and geophysical studies;
- exploratory drilling, trenching, and sampling;
- determining and examining the volume and grade of the resources;
- surveying transportation and infrastructure requirements;
- field operations and expenditures;
- project permitting;
- depreciation on certain project related equipment, and assets;
- share based compensation;
- borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset;
- environmental rehabilitation obligations; and
- activities involved in evaluating the technical and commercial feasibility of extracting mineral resources, including the costs incurred in determining the most appropriate mining and processing methods.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2020 and 2019
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Adoption of New Accounting Standards

IFRS 16, Leases (“IFRS 16”) was adopted as of January 1, 2019. Effective for reporting periods beginning on or after January 1, 2019, IFRS 16 now requires operating leases to be recognized on the consolidated statement of financial position as a right-of-use asset and as a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is then to be allocated between the lease liability and finance cost, with the finance cost charged to comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is to be depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are to be initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is to be used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Subsequent to initial measurement, the liability would be reduced for payments made and increased for interest and remeasured to reflect any reassessment or modifications, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is to be reflected in the right-of-use asset, or comprehensive loss if the right-of-use asset is already reduced to zero. The right of use asset is recorded at the amount of the lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments related to that lease. Payments associated with short-term leases (12 months or less) and leases of low-value assets (less than \$5,000) can continue to be recognized on a straight-line basis as an expense in comprehensive loss. IFRS 16 can be adopted on either a full retrospective basis or on a modified retrospective basis with the cumulative effect of applying the standard recognized as an adjustment to the opening accumulated deficit at the date of initial adoption.

The Company adopted IFRS 16 on a modified retrospective basis from January 1, 2019, with no restatement of comparatives, as permitted under the specific transitional provisions in the standard. As the adoption of this new standard has no material effect on the financial statements, no adjustments have been reflected in these financial statements on adoption of the standard. The Company only has one lease contract for its office space located in Salt Lake City, Utah, pursuant to a lease that expires on June 30, 2021. As at September 30, 2020 and September 30, 2019 the Company had the following obligations to make future minimum payments related to this lease:

Minimum lease payments as at	September 30,	September 30,
	2020	2019
Not later than 1 year	\$ 85,828	\$ 111,937
Later than 1 year but less than five years	-	85,828
	\$ 85,828	\$ 197,765

The monthly rental payments have been charged to expense as incurred within general and administrative expenses consistent with prior years.

Note 3. Critical Accounting Estimates and Judgments

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In preparing these Financial Statements, the significant judgments made by management in applying CPM’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2019.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited and Expressed in US Dollars)

Note 4. Restricted Cash

On June 26, 2018, Peak Minerals provided to the Utah Division of Oil, Gas and Mining (“DOG M”) cash in the amount of \$71,600, in lieu of a surety bond for the exploration of certain Utah School and Institutional Trust Lands Administration (“SITLA”) lands controlled by Peak Minerals as part of the Sevier Playa Project.

On August 7, 2019, DOGM released a portion of the funds related to the 2018 surety bond back to Peak Minerals in the amount of \$28,300, and accrued interest income for the year of \$267.

During the nine months ended September 30, 2020, the Company accrued interest income totaling \$59 on its restricted cash held with DOGM.

Note 5. Property Plant, and Equipment

The property, plant, and equipment, balance consists of:

	Computers & equipment	Furniture & fixtures	Project equipment	Buildings	Mineral properties and development costs	Total
As at January 1, 2019						
Cost	\$ 41,597	\$ 24,729	\$ 405,923	\$ 98,187	\$ -	\$ 570,436
Accumulated depreciation	(36,724)	(24,729)	(353,701)	(20,528)	-	(435,682)
Net book amount	\$ 4,873	\$ -	\$ 52,222	\$ 77,659	\$ -	\$ 134,754
Year ended Dec 31, 2019						
Opening net book amount	\$ 4,873	\$ -	\$ 52,222	\$ 77,659	\$ -	\$ 134,754
Transfer from mineral properties-exploration and evaluation	-	-	-	-	83,486,483	83,486,483
Additions	-	-	-	-	477,995	477,995
Depreciation	(2,218)	-	(14,700)	(2,805)	-	(19,723)
Closing net book amount	\$ 2,655	\$ -	\$ 37,522	\$ 74,854	\$ 83,964,478	\$ 84,079,509
As at December 31, 2019						
Cost	\$ 41,597	\$ 24,729	\$ 405,923	\$ 98,187	\$ 83,964,478	\$ 84,534,914
Accumulated depreciation	(38,942)	(24,729)	(368,401)	(23,333)	-	(455,405)
Net book amount	\$ 2,655	\$ -	\$ 37,522	\$ 74,854	\$ 83,964,478	\$ 84,079,509
As at January 1, 2020						
Cost	\$ 41,597	\$ 24,729	\$ 405,923	\$ 98,187	\$ 83,964,478	\$ 84,534,914
Accumulated depreciation	(38,942)	(24,729)	(368,401)	(23,333)	-	(455,405)
Net book amount	\$ 2,655	\$ -	\$ 37,522	\$ 74,854	\$ 83,964,478	\$ 84,079,509
Period ended September 30, 2020						
Opening net book amount	\$ 2,655	\$ -	\$ 37,522	\$ 74,854	\$ 83,964,478	\$ 84,079,509
Additions	-	-	-	-	686,809	686,809
Depreciation	(2,385)	-	(11,025)	(2,104)	-	(15,514)
Closing net book amount	\$ 270	\$ -	\$ 26,497	\$ 72,750	\$ 84,651,287	\$ 84,750,804
As at September 30, 2020						
Cost	\$ 41,597	\$ 24,729	\$ 405,923	\$ 98,187	\$ 84,651,287	\$ 85,221,723
Accumulated depreciation	(41,327)	(24,729)	(379,426)	(25,437)	-	(470,919)
Net book amount	\$ 270	\$ -	\$ 26,497	\$ 72,750	\$ 84,651,287	\$ 84,750,804

During the nine months ended September 30, 2020, the Company recognized depreciation expense of \$15,514 (nine months ended September 30, 2019, \$14,824), of which \$2,385 (nine months ended September 30, 2019, \$1,695) was recognized as expense in the Consolidated Statement of Loss and \$13,129 (nine months ended September 30, 2019, \$13,129) was capitalized in mineral properties. Following receipt of the Record of Decision from the U.S Department of the Interior for its Sevier Playa Project, the exploration and evaluation assets were reclassified to development costs within property, plant, and equipment as the technical feasibility and commercial viability of the Sevier Playa Project is considered to be demonstrable.

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This represents a major milestone in the continued development of this mineral property and significantly de-risks the project.

Note 6. Investment in Associate

In 2011, Peak Minerals acquired a 40% interest in Emerald Peak Minerals, LLC (“Emerald Peak”) for \$6.1 million by contributing to equity certain Emerald Peak notes it held. Emerald Peak is a privately held company domiciled in Utah, U.S. that holds the rights to 6,409 acres of State of Utah property leases on the Sevier Playa issued by SITLA.

Lance D’Ambrosio, the Company’s former Chief Executive Officer and a former director, and the estate of Jeff Gentry (a former director), owned the remaining 60% of Emerald Peak. The Company’s investment in Emerald Peak was accounted for using the equity method.

On April 18, 2011, Peak Minerals entered into an agreement (the “Commercial Services Agreement”) with Emerald Peak, whereby Emerald Peak agreed to commit the acreage associated with the Emerald Peak state leases that CPM did not control to development and operation by Peak Minerals. Emerald Peak will make no payments for the development of these state leases and will receive no net revenues from the production from these state leases – all revenues and costs incurred under the Commercial Services Agreement will be for the benefit of Peak Minerals. The contract committed Peak Minerals to pay Emerald Peak the greater of \$40,000 per year or a 7.5% overriding royalty on all SOP production allocated to the state leases and stipulates that Peak Minerals will be the designated unit operator upon the approval of a unitization agreement between Emerald Peak; Peak Minerals; a third party, LUMA Minerals, LLC; the U.S. Bureau of Land Management (“BLM”); and SITLA. In April 2014, Emerald Peak assigned its future rights to the overriding royalties to its three members.

Effective March 1, 2019, the Company purchased all of the membership interests of Emerald Peak held by both the Estate of Jeff Gentry, and Lance D’Ambrosio for \$349,452. Peak Minerals also received an assignment of membership interests and that portion of the capital account attributable to the purchased interests, but did not receive the rights to their combined 4.5% future overriding royalties. As a result, Emerald Peak became a direct, wholly-owned subsidiary of the Company. Emerald Peak’s capital was then reduced to zero and the mineral leases, previously held by Emerald Peak, were transferred to Peak Minerals. For the nine months ended September 30, 2019, the Company’s share of net loss was \$441. The LLC was dissolved in the second quarter of 2019.

As a result of these transactions, the Company’s indirect interest in 95.5% of all SOP production associated with the state lease property rights held by Emerald Peak became a direct interest in those property rights and the Company’s investment in associate was reclassified to interest in mineral properties (inclusive of the fair value increment).

Note 7. Borrowings and Related Financial Liabilities

Borrowings and related financial liabilities consist of:

	Repurchase obligation	Convertible debt, host	Derivative liability	Total
As at January 1, 2019	\$ 1,296,434	\$ 21,949,217	\$ 27,307	\$ 23,272,958
Repayment of convertible debt	-	(12,000,000)	-	(12,000,000)
Accretion	203,566	50,783	-	254,349
Change in fair value	-	-	(27,307)	(27,307)
As at December 31, 2019	\$ 1,500,000	\$ 10,000,000	\$ -	\$ 11,500,000
Amended convertible debt, 2018 Loan	-	(10,000,000)	-	(10,000,000)
Convertible debt, 2020 Loan	-	13,057,252	67,170	13,124,422
Accretion	-	50,345	-	50,345
Change in fair value	-	-	(67,170)	(67,170)
As at September 30, 2020	\$ 1,500,000	\$ 13,107,597	\$ -	\$ 14,607,597

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Repurchase Obligation

On May 2, 2014, CPM entered into a secured credit agreement with Extract Advisors, LLC and its affiliate, Extract Capital LP (together “Extract”), for a \$2,500,000 loan (the “Extract Loan”). The Extract Loan had a term of 60 months, with 95% of the outstanding principal and interest coming due on May 2, 2016. The Extract Loan was repaid in May 2016, and the security was released. In conjunction with the Extract Loan, CPM issued Extract 1,500,000 common shares and 750,000 common share purchase warrants (the “Extract Warrants”). The Extract Warrants had an exercise price of C\$0.36 per common share and expired unexercised on May 2, 2019. CPM also provided Extract with a production fee of \$1.70 per tonne of production of SOP. The production fee may be repurchased at any time by CPM for \$1,500,000, being the estimated fair value of this obligation at September 30, 2020 (September 30, 2019 - \$1,500,000). Management expects that the production fee agreement will be bought out prior to commencement of production.

Convertible Debt

On June 29, 2017, CPM entered into a convertible loan agreement (the “Loan Agreement”) with EMR Capital Investment (No. 5B) Pte. Ltd., an affiliate of EMR Capital Resources fund 1 (“EMR”), its largest shareholder, pursuant to which EMR lent CPM \$12,000,000 (the “Loan”). The Loan matured on December 29, 2018, and bore interest at the rate of 12%, compounded quarterly. The principal amount of the Loan, in whole or in part, was convertible into common shares of the Company at EMR’s option, at a price per common share of C\$0.55. In addition, interest on the Loan was payable in common shares at the market price of the Company’s shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange.

The conversion feature of the Loan meets the definition of a derivative liability instrument because the conversion feature is denominated in a currency other than the Company’s U.S. dollar functional currency, thus making the number of shares in a conversion scenario variable. Accordingly, the conversion feature did not meet the “fixed-for-fixed” criteria outlined in IAS 32. As a result, the conversion feature of the Loan was required to be recorded as a derivative liability recorded at fair value and marked to its market value each period, with the changes in fair value each period being reflected on the Consolidated Statement of Loss.

The Loan was separated into a convertible debt component and a derivative liability, both of which were initially recorded at fair value. The convertible debt is classified as other financial liabilities and measured at amortized cost using the effective interest method.

On January 2, 2019, the Company issued 29,201,455 common shares at a deemed value of C\$0.55 per common share to settle in full the principal amount and 7,758,401 common shares at a deemed value of C\$0.21 to settle an interest payment pursuant to the Loan Agreement. On January 11, 2019, the Company remitted \$212,748 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the Loan Agreement.

When estimating the initial fair value of the debt host and embedded derivative liability components of the Loan, the debt host contract was valued using a discounted cash flow analysis using a 16% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, using a Black-Scholes valuation model.

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The following tables disclose the components and assumptions associated with this transaction on the closing date:

Black-Scholes option pricing model assumptions	Loan inception June 30, 2017	
Market price		C\$0.45
Conversion price per common share		C\$0.55
Risk-free interest rate		1.09%
Expected volatility		25.95%
Expected dividend yield		0%
Expected life (years)		1.50
Face value of convertible debt	\$	12,000,000
Less derivative component		(590,569)
Value assigned to convertible debt	\$	11,409,431

The changes in the convertible debt are as follows:

Convertible debt balance as at December 31, 2018	\$	12,000,000
Conversion of principal into common shares		(12,000,000)
Convertible debt balance as at December 31, 2019	\$	-

On July 19, 2018 the Company entered into a second convertible loan agreement with EMR (the “2018 Loan Agreement”), pursuant to which EMR agreed to lend the Company up to \$10,000,000 in two tranches (the “2018 Loan”). In addition, the closing of the first tranche of the 2018 Loan was completed in the amount of \$5,000,000, and bore interest at the rate of 12%, compounded quarterly. The principal amount of the 2018 Loan, in whole or in part, was convertible into common shares of the Company at EMR’s option, at a price per common share of C\$0.50. In addition, interest on the 2018 Loan was payable in common shares at the market price of the Company’s shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange. The 2018 Loan matured on January 19, 2020, at which time the Company revised and amended the 2018 Loan.

When estimating the initial fair value of the first tranche of the debt host and embedded derivative liability components of the 2018 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments.

The residual value was allocated to the embedded conversion option, which resulted in an implied volatility of 25.50% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 1 inception July 19, 2018	December 31, 2019
Market price	C\$0.31	C\$0.055
Conversion price per common share	C\$0.50	C\$0.50
Risk-free interest rate	1.92%	1.69%
Expected volatility	25.50%	47.14%
Expected dividend yield	0%	0%
Expected life (years)	1.50	0.083

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The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$	5,000,000
Less derivative component		(40,432)
Value assigned to convertible debt	\$	4,959,568

The changes in the convertible debt are as follows:

Opening balance	\$	-
Value assigned to convertible debt		4,959,568
Accretion		13,441
Convertible debt balance as at December 31, 2018		4,973,009
Accretion		26,991
Convertible debt balance as at December 31, 2019		5,000,000
Conversion of principal into 2020 Loan		(5,000,000)
Convertible debt balance as at September 30, 2020	\$	-

The changes in the derivative liability are as follows:

Opening balance	\$	-
Fair value assigned at loan inception		40,432
Change in fair value of derivative liability		(40,432)
Balance as at December 31, 2019	\$	-

On October 29, 2018 the Company closed the second tranche of the 2018 Loan in the amount of \$5,000,000. When estimating the initial fair value of the second tranche of the debt host and embedded derivative liability components of the 2018 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied volatility of 40.5% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 2 inception October 29, 2018	December 31, 2019
Market price	C\$0.225	C\$0.055
Conversion price per common share	C\$0.50	C\$0.50
Risk-free interest rate	2.25%	1.69%
Expected volatility	40.50%	47.14%
Expected dividend yield	0%	0%
Expected life (years)	1.30	0.083

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$	5,000,000
Less derivative component		(29,722)
Value assigned to convertible debt	\$	4,970,278

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The changes in the convertible debt are as follows:

Opening balance	\$	-
Value assigned to convertible debt		4,970,278
Accretion		5,930
Convertible debt balance as at December 31, 2018		4,976,208
Accretion		23,792
Convertible debt balance as at December 31, 2019		5,000,000
Conversion of principal into 2020 Loan		(5,000,000)
Convertible debt balance as at September 30, 2020	\$	-

The changes in the derivative liability are as follows:

Opening balance	\$	-
Fair value assigned at loan inception		29,722
Change in fair value of derivative liability		(29,722)
Balance as at December 31, 2019	\$	-

On March 29, 2019, the Company issued 4,275,581 common shares at a deemed value of C\$0.185 per common share to settle an interest payment pursuant to the 2018 Loan Agreement. On April 1, 2019, The Company remitted \$104,476 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the 2018 Loan Agreement.

The 2018 Loan matured on January 19, 2020, at which time the Company revised and amended the 2018 Loan. The Company entered into a revised convertible loan agreement (“2020 Loan”) with EMR, pursuant to which EMR agreed to lend the Company \$13,124,422. Proceeds from the 2020 Loan were used to repay the \$10,000,000 principal and \$1,124,421 accrued interest amounts under the 2018 Loan. The remaining \$2,000,000 will be used for ongoing engineering and permitting activities and to fund general corporate costs. The 2020 Loan accrues interest at a rate of 12% per annum and matures in 12 months. The principal amount of the 2020 Loan, in whole or in part, is convertible into common shares (estimated issuance of 311,478,309 shares) of the Company at the option of the holder at a price of C\$0.055 per common share.

When estimating the initial fair value of the debt host and embedded derivative liability components of the 2020 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, using a Black-Scholes valuation model, which resulted in an implied volatility of 23.5% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Loan inception January 20, 2020	September 30, 2020
Market price	C\$0.045	C\$0.01
Conversion price per common share	C\$0.055	C\$0.055
Risk-free interest rate	1.65%	0.25%
Expected volatility	23.50%	40.92%
Expected dividend yield	0%	0%
Expected life (years)	1.00	0.250

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The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$ 13,124,422
Less derivative component	(67,170)
Value assigned to convertible debt	\$ 13,057,252

The changes in the convertible debt are as follows:

Opening balance	\$ -
Value assigned to convertible debt	13,057,252
Accretion	50,345
Convertible debt balance as at September 30, 2020	13,107,597

The changes in the derivative liability are as follows:

Opening balance	\$ -
Fair value assigned at loan inception	67,170
Change in fair value of derivative liability	(67,170)
Balance as at September 30, 2020	\$ -

Interest in the amount of \$1,147,292 was accrued and compounded as at September 30, 2020.

Note 8. Share Capital

Authorized

CPM authorized capital consists of unlimited voting common shares without par value, unlimited non-voting common shares without par value and unlimited preference shares without par value.

Voting and non-voting common shares

	Number of shares issued		Share capital	
	Voting common	Non-voting common	Voting common	Non-voting common
Balance as at January 1, 2019	209,090,930	2,466,947	\$ 77,836,357	\$ 801,043
Common shares issued for convertible debt interest payments	12,033,982	-	1,804,378	-
Common shares issued for repayment of convertible debt	29,201,455	-	12,000,000	-
Restricted share units released	1,941,175	-	632,085	-
Common shares issued pursuant to private placement	39,215,686	-	4,535,538	-
Balance as at December 31, 2019	291,483,228	2,466,947	\$ 96,808,358	\$ 801,043
Restricted share units released	4,242,139	-	1,185,715	-
Balance as at September 30, 2020	295,725,367	2,466,947	\$ 97,994,073	\$ 801,043

On January 15, 2020, RSU vesting requirements were met and 640,213 common shares were released to certain directors. On May 1, 2020, RSU vesting requirements were met and 1,000,000 common shares were released to certain employees. On August 31, 2020, RSU vesting requirements were met and 2,601,926 were released to a former employee.

On January 2, 2019, the Company issued 7,758,401 common shares at a deemed value of \$0.16 (C\$0.21) per common share to settle an interest payment, and 29,201,455 common shares at a deemed value of \$0.41 (C\$0.55) per common share to repay the Loan in full, pursuant to the Loan Agreement. The Company remitted \$212,748 (C\$285,722) in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the Loan Agreement.

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On March 27, 2019, RSU vesting requirements were met and 640,212 common shares were released to certain directors.

On March 29, 2019, the Company issued 4,275,581 common shares at a deemed value of \$0.14 (C\$0.185) per common share to settle an interest payment, The Company remitted \$104,476 (C\$139,608) in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the 2018 Loan Agreement.

On August 28, 2019, RSU vesting requirements were met and 1,300,963 common shares were released to an employee and officer of the Company.

On May 2, 2019, the Company closed a private placement with EMR, wherein the Company issued EMR 39,215,686 units at a price of C\$0.17 per unit for gross proceeds of \$4,960,667 (C\$6,666,667). Each unit is composed of one common share, and one-half of one common share purchase warrant for an aggregate of 39,215,686 common shares and 19,607,843 warrants (the “EMR Warrants”). Each full warrant entitles EMR to subscribe for one common share at a price of C\$0.21 per share for a period of 18 months following closing. The fair values of the EMR Warrants were used to determine the financing proceeds allocated to the equity components based on relative fair values. A discount of 15% was applied to account for the four-month hold-back period, as required by the TSX Venture Exchange. As the warrants do not meet the “fixed-for-fixed” criteria outlined in IFRS 9, they are classified as a derivative financial liability, and re-valued each reporting period. The following table outlines the assumptions used to calculate the fair value of the EMR Warrants.

Black-Scholes option pricing model assumptions	Private placement inception	
	May 2, 2019	September 30, 2020
Market price	C\$0.18	C\$0.01
Subscription price per common share	C\$0.21	C\$0.21
Risk-free interest rate	1.61%	0.25%
Expected volatility	48.84%	108.41%
Expected dividend yield	0%	0%
Expected life (years)	1.50	0.09

Components associated with the transaction on the closing date.

Fair market value of common shares	\$	4,535,538
Warrant liability		425,129
Gross Proceeds	\$	4,960,667

Changes in the warrant liability are as follows:

Opening balance	\$	-
Fair value assigned at private placement inception		425,129
Change in fair value of warrant liability		(420,618)
Balance as at December 31, 2019	\$	4,511
Change in fair value of warrant liability		(4,511)
Balance as at September 30, 2020	\$	-

In 2014, in conjunction with the Extract Loan (which was repaid in May 2016), CPM issued 750,000 Extract Warrants to Extract. Each Extract Warrant entitled the holder to acquire one voting common share at a price of C\$0.36 per common share until May 2, 2019. The Extract Warrants expired in 2019 without being exercised.

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The following is a summary of the common share purchase warrants outstanding as at September 30, 2020:

	Weighted average remaining contractual life (yrs)	Number of share purchase warrants	Weighted average exercise price (C\$)
EMR Warrants	0.09	19,607,843	\$ 0.21
Share purchase warrants outstanding, end of period	0.09	19,607,843	\$ 0.21

Restricted share units

In June 2017, CPM adopted a restricted share unit plan (the “RSU Plan”). Under the RSU Plan, selected officers, employees, consultants, and directors of the Corporation and its affiliates are granted RSUs, where each RSU represents the right to receive one CPM common share upon expiration of an applicable restricted period (vesting). The RSU Plan is designed to aid in attracting, retaining, and encouraging employees and directors, due to the opportunity offered to them, to acquire a proprietary interest in the Company.

The maximum number of common shares available for issuance under the RSU Plan shall not exceed 19,000,000. The maximum number of shares issuable to insiders, at any time, is 10% of the total number of common shares then outstanding. The maximum term for restricted share units to vest is up to ten (10) years, but may be such shorter term as the Company chooses.

On March 27, 2019, vesting requirements were met and 640,212 common shares were released to certain directors.

On October 31, 2019, the Company granted an aggregate of 1,340,000 RSUs to certain employees and contractors. The RSUs will vest in three equal annual installments on the first, second, and third anniversaries of the RSU grant.

On January 15, 2020, RSU vesting requirements were met and 640,213 common shares were released to certain directors.

On May 1, 2020, RSU vesting requirements were met and 1,000,000 common shares were released to employees.

The following table reflects the continuity of RSUs outstanding for the period ended September 30, 2020 and 2019.

	September 30, 2020			September 30, 2019		
	Number of units	Average remaining contractual life (years)	Average market price at time of grant (C\$)	Number of units	Average remaining contractual life (years)	Average market price at time of grant (C\$)
Balance, beginning of period	4,582,139	8.52	\$ 0.25	5,183,314	9.77	\$ 0.43
Released	(4,242,139)	8.00	0.30	(1,941,175)	8.50	0.40
Cancelled/Forfeited	(250,000)	9.50	0.125			
Balance, end of period	90,000	9.08	\$ 0.125	3,242,139	8.23	\$ 0.42

Compensation expense related to restricted share units for the nine months ended September 30, 2020 was \$497,117 (the nine months ended September 30, 2019, \$112,299) of which \$423,760 (the nine months ended September 30, 2019, \$112,299) was charged to expense in the Consolidated Statement of Loss and \$73,357 (the nine months ended September 30, 2019, \$nil) was capitalized in mineral properties. The offsetting credit was recorded as contributed surplus.

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Share purchase options

CPM has a share option plan (the “Option Plan”) whereby the Board of Directors may grant options to acquire common shares to directors, officers, employees, or consultants. The Board of Directors has the authority to determine the limits, restrictions, and conditions of common share option grants, and to make all decisions and interpretations relating to the Option Plan. The maximum number of common shares that may be reserved for issuance shall not exceed 10% of the Company’s outstanding common shares at the time of grant. Furthermore, the maximum number of common shares that may be reserved for issuance to any one optionee shall not exceed 5% of the Company’s outstanding common shares at the time of grant, excepting consultants and investor relations persons which shall not exceed 2% of the Company’s outstanding common shares.

The term of any common share option granted may not exceed five years and the exercise price may not be lower than the closing price of CPM’s common shares on the last trading day immediately preceding the date of grant, less any discounts from the closing price allowed by the TSX Venture Exchange. Vesting conditions vary based on the circumstances of the option grant.

The following table reflects the continuity of common share options for the periods ended September 30, 2020 and 2019.

	September 30, 2020		September 30, 2019	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
Balance, beginning of period	6,128,400	\$ 0.37	5,175,000	\$ 0.43
Granted	500,000	0.10	-	-
Forfeited	(1,533,333)	0.21	(125,000)	0.42
Expired	(1,175,000)	0.42	(225,000)	(40.00)
Balance, end of period	3,920,067	\$ 0.38	4,825,000	\$ 0.43
Exercisable share purchase options	2,716,669	\$ 0.44	3,658,331	\$ 0.43

A summary of common share options outstanding as at September 30, 2020 is as follows:

Exercise price per share (C\$)	Number of awards vested and exercisable	Weighted average remaining contractual life (yrs)	Number of share purchase options	Weighted average exercise price (C\$)
\$0.10 - 0.30	-	4.08	728,400	\$ 0.13
0.31 - 0.40	333,334	2.12	500,000	0.40
0.41 - 0.45	2,383,335	1.34	2,691,667	0.44
Share purchase options outstanding, end of period	2,716,669	1.99	3,920,067	\$ 0.38

On February 18, 2020, CPM granted 500,000 options to certain consultants of the Company. All options are exercisable over a period of five years at a price of C\$0.10 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the option grant. The fair value of the options granted February 18, 2020 was estimated on

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the date of grant using the Black-Scholes option pricing model. The Company assumed a 6.30% forfeiture rate based on historical forfeitures and the following table outlines the average assumptions used to calculate the fair value:

Black-Scholes option pricing model assumptions

Market price per common share at date of grant	C\$0.04
Exercise price per common share	C\$0.10
Risk-free interest rate	1.41%
Expected volatility	84.05%
Expected dividend yield	0%
Expected life (years)	3.50

On October 31, 2019, CPM granted 1,303,400 options to certain officers, employees, and consultants of the Company. All options are exercisable over a period of five years at a price of C\$0.13 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the option grant. The fair value of the options granted October 31, 2019 was estimated on the date of grant using the Black-Scholes option pricing model. The Company assumed a 6.50% forfeiture rate based on historical forfeitures and the following table outlines the average assumptions used to calculate the fair value:

Black-Scholes option pricing model assumptions

Market price per common share at date of grant	C\$0.13
Exercise price per common share	C\$0.13
Risk-free interest rate	1.47%
Expected volatility	74.00%
Expected dividend yield	0%
Expected life (years)	3.50

Share based compensation for the nine months ended September 30, 2020 was \$75,025 (nine months ended September 30, 2019, \$100,032), of which \$60,231 (nine months ended September 30, 2019, \$69,863) was charged to expense in the Consolidated Statement of Loss and \$14,794 (nine months ended September 30, 2019, \$30,169) was capitalized in mineral properties. The offsetting credit was recorded as contributed surplus.

Note 9. Finance Expense

Finance expenses are as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Interest expense	\$ 424,644	\$ 319,129	\$ 1,217,303	\$ 933,238
Non-resident Canadian withholding tax	-	(6,456)	-	104,476
Total finance expenses	\$ 424,644	\$ 312,673	\$ 1,217,303	\$ 1,037,714

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Note 10. Income Taxes

CPM did not have any transactions during the nine months ended September 30, 2020 that triggered the recognition of an income tax recovery or income tax expense.

Note 11. Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of common shares outstanding during the period. CPM's loss per share for the three and nine months ended September 30, 2020 was \$nil and \$0.01 respectively (three and nine months ended September 30, 2019 was \$nil and \$0.01 respectively) and was based on the loss attributable to the common shareholders of \$524,430 and \$2,912,404 respectively (three and nine months ended September 30, 2019, \$981,259 and \$3,196,161, respectively), and the weighted average number of common shares outstanding for the three and nine months ended September 30, 2020 of 298,192,314 and 296,103,626 respectively (three and nine months ended September 30, 2019, 293,950,175 and 279,401,458 respectively).

The diluted loss per share did not include the effect of the following securities, as they are anti-dilutive:

As at	September 30, 2020	September 30, 2019
Number of share purchase warrants	19,607,843	19,607,843
Number of restricted share units	2,941,926	3,242,139
Number of share purchase options	5,270,067	4,825,000
Number of shares issuable on conversion of convertible debt	318,303,036	25,976,000
	346,122,872	53,650,982

Convertible debt share calculations were performed in U.S. dollars but were converted to Canadian dollars based on a share price and currency conversion rate of C\$.055, and \$1.3339 = C\$0.7497 for the nine months ended September 30, 2020 (nine months ended September 30, 2019, C\$0.50, and \$1.2988 = C\$0.7699).

Note 12. Related Party Transactions

CPM's related parties include CPM's subsidiaries, associates, executive and non-executive directors, senior officers (Chief Executive Officer and Chief Financial Officer), and entities controlled or jointly-controlled by directors or senior officers.

Directors and Officers

During the three and nine months ended September 30, 2020 and September 30, 2019, compensation paid or payable to key management personnel was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Salaries, benefits, and compensation	\$ 237,058	\$ 205,756	\$ 659,897	\$ 626,880
Director fees	(617,500)	81,250	(422,500)	243,750
Share-based compensation	13,403	22,183	52,476	55,478
Compensation related to restricted share units	103,241	441,241	299,300	632,076
Total director and officer compensation	\$ (263,798)	\$ 750,430	\$ 589,173	\$ 1,558,184

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Management Team Update

Effective August 31, 2020, John Mansanti, the Company's President and Chief Executive Officer, tendered his resignation to the Company to pursue other business interests and also resigned from CPM's board of directors ("Board"). Following Mr. Mansanti's departure, the Board appointed Dean Pekeski as Interim President and Chief Executive Officer, also effective August 31, 2020. Mr. Pekeski has been with the Company since 2015 and has been the key individual responsible for development activities on the Sevier Playa project.

EMR

During the nine months ended September 30, 2020 and 2019, the Company entered into certain agreements with EMR, the Company's largest shareholder, in respect of convertible loans and a private placement (See Notes 7 and 8).

Note 13. Commitments and Contingencies

LUMA Minerals LLC

Effective July 15, 2011, Peak Minerals and LUMA entered into a cooperative development agreement (the "LUMA Agreement") to develop additional federal leases on the Sevier Playa Project that CPM did not control. The LUMA Agreement added approximately 22,000 acres of additional leases to the lands controlled by CPM, bringing the Sevier Playa Project land package total to approximately 124,000 acres. LUMA won their leases as part of the federal BLM competitive bidding process as second highest bidder when CPM was limited to the acquisition of leases on a maximum of 96,000 acres, pursuant to federal law.

Under the LUMA Agreement, both parties will commit the acreage to development and operation by CPM. LUMA will make no payments for the development of its acreage and will receive no net revenues from the production from its acreage – all revenues and costs will be for the benefit of CPM. The LUMA Agreement commits CPM to pay LUMA a 1.25% overriding royalty on all production from, or allocated to, the LUMA leases. In addition to the overriding royalty, the LUMA Agreement also granted LUMA the right to elect either: (i) a cash-only payment of \$2,000,000; or (ii) the number of common shares in CPM equal in value to \$1,000,000, plus \$1,000,000 cash at the point in time that the Company elects to commit to purchase LUMA's interest in the LUMA leases. The closing is conditioned upon and subject to: (a) all necessary approvals of the shareholders and governing boards of Peak Minerals and/or CPM; (b) all necessary approvals of U.S. and Canadian governmental authorities, including securities and exchange and environmental regulatory bodies, BLM, and SITLA; and (c) all applicable stock exchange rules, regulations, and approvals.

Effective August 31, 2018, the Company obtained an exclusive option ("the Option") to purchase all of the LUMA leases for \$1.00 for each of the leases. The Company paid to LUMA a total of \$2,000,000, composed of \$1,000,000 in cash and 4,283,882 common shares (equal in value to \$1,000,000) of the Company. Pursuant to the Option, Crystal Peak has a period of two years from the date the BLM issues a "notice to proceed" to exercise the Option. LUMA will be entitled to a 1.25% overriding royalty on all production from the leases.

Note 14. Subsequent Events

Corporate Restructuring

On October 2, 2020, CPM's cash balance fell below \$500,000, putting the Company in breach of a minimum cash balance covenant in the 2020 Loan. As a result of the default, effective October 19, 2020 EMR enforced its security provision under the 2020 Loan agreement and foreclosed on the Company's shares of its wholly-owned subsidiary, Peak Minerals in accordance with its rights. Upon notification of EMR's intent to enforce its security provision, the Board negotiated a restructuring agreement with EMR whereby EMR agreed that its foreclosure would satisfy in full the Company's obligations under the 2020 Loan. Under the terms of the restructuring agreement, EMR agreed to surrender 120.0 million CPM common shares, reducing

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its ownership in CPM from approximately 61% to 36%. In addition, two of EMR's nominees to the Board resigned, leaving CPM with a four-person Board.

The Board concluded that this restructuring was in the best interests of shareholders since it allows the Company to pursue a strategy to acquire a new project. Accordingly, CPM will immediately commence a process to identify and secure a new project.

Warrant Expiration

On May 2, 2019, the Company closed a private placement with EMR, wherein the Company issued EMR 39,215,686 units at a price of C\$0.17 per unit for gross proceeds of \$4,960,667 (C\$6,666,667). Each unit is composed of one common share, and one-half of one common share purchase warrant for an aggregate of 39,215,686 common shares and 19,607,843 warrants (the "EMR Warrants"). Each full warrant entitled EMR to subscribe for one common share at a price of C\$0.21 per share for a period of 18 months following closing. On November 2, 2020 those warrants expired unexercised.