

# **CORTUS METALS INC.**

Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and period ended September 30, 2018

CORTUS METALS INC.  
Condensed Interim Statements of Financial Position

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As at	September 30 2019	December 31 2018
<b>Assets</b>		
Current		
Cash	\$ 95,964	\$ 94,187
Prepayments and deposits	10,000	15,000
Goods and services tax receivable	679	-
	<hr/>	<hr/>
	<b>\$ 106,643</b>	<b>\$ 109,187</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 2,000	\$ -
	<hr/>	<hr/>
<b>Equity</b>		
Share capital (note 4)	130,000	110,000
Deficit	(25,357)	(813)
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	<b>104,643</b>	<b>109,187</b>
	<hr/>	<hr/>
	<b>\$ 106,643</b>	<b>\$ 109,187</b>

Approved by the Board of Directors

Director (signed by) "John Williamson"

Director (signed by) "Sean Maqer"

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

## CORTUS METALS INC.

## Condensed Interim Statements of Loss and Comprehensive Loss

*(unaudited)*

For the	three months(*) ended Sep 30		nine months(*) ended Sep 30	
	2018	2019	2018	2019
<b>Expenses</b>				
Office and admin	330	-	330	-
Professional fees	483	449	483	11,214
Regulatory and filing fees	-	-	-	13,320
<b>Net comprehensive loss</b>	<b>(813)</b>	<b>(449)</b>	<b>(813)</b>	<b>\$ (24,544)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>\$ (0.03)</b>
Basic and diluted weighted average number of common shares outstanding (note 4)	<b>2,055,769</b>	<b>5,623,626</b>	<b>2,055,769</b>	<b>4,376,838</b>

*\*The 2018 period(s) referenced in the table above are from the date of incorporation (June 25, 2018) to September 30, 2018.*

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

## CORTUS METALS INC.

## Condensed Interim Statements of Changes in Equity

*(unaudited)*

	Share capital	Deficit	Total equity
<b>Balance at June 25, 2018</b>	\$ -	\$ -	\$ -
Shares issued for cash (note 4)	110,000	-	110,000
Net loss	-	(813)	(813)
	<hr/>	<hr/>	<hr/>
<b>Balance at December 31, 2018</b>	\$ 110,000	\$ (813)	\$ 109,187
Shares issued for cash (note 4)	20,000	-	20,000
Net loss	-	(24,544)	(24,544)
	<hr/>	<hr/>	<hr/>
<b>Balance at September 30, 2019</b>	<b>\$ 130,000</b>	<b>\$ (25,357)</b>	<b>\$ 104,643</b>

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

<b>For the nine months(*) ended</b>	<b>September 30 2019</b>	<b>September 30 2018</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net comprehensive loss	\$ (24,544)	(813)
Changes in non-cash working capital:		
Goods and services tax receivable	(679)	-
Prepayments and deposits	5,000	(15,000)
Accounts payable and accrued liabilities	2,000	-
Cash used in operating activities	<u>(18,223)</u>	<u>(15,813)</u>
<b>Financing activities</b>		
Proceeds from private placement	<u>20,000</u>	110,000
Cash provided by financing activities	<u>20,000</u>	110,000
<b>Net increase in cash</b>	<b>1,777</b>	<b>94,187</b>
Cash, beginning of period	<u>94,187</u>	-
<b>Cash, end of period</b>	<b>\$ 95,964</b>	<b>94,187</b>

The Company did not pay interest or dividends, nor did it receive any dividends, in the nine months ended September 30, 2019.

*\*The 2018 period referenced in the table above is from the date of incorporation (June 25, 2018) to September 30, 2018.*

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

**1. Nature of operations**

Cortus Metals Inc. ("Cortus" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 25, 2018. The Company's head office is at 250 Southridge, Suite 300, Edmonton, Alberta, T6H 4M9. The Company is focused on evaluating, acquiring, and exploring mineral properties with significant potential for advancement from discovery through to production, in Canada and abroad. Subsequent to the period, on November 4, 2019, the common shares of the Company were listed on the TSX Venture Exchange ("TSXV") as a Capital Pool Company ("CPC") under the trading symbol "CRTS.P" (note 6).

**2. Basis of presentation**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

These financial statements were authorized for issue by the Board of Directors of the Company on November 26, 2019.

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

The accounting policies applied in preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended December 31, 2018, unless otherwise stated.

**3. Share capital****(i) Common shares**

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

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

	<b>Number of shares</b>	<b>Amount</b>
<b>Balance at December 31, 2018</b>	<b>2,200,000</b>	<b>\$ 110,000</b>
Shares issued for cash on March 29, 2019 (i)	400,000	20,000
<b>Balance at September 30, 2019</b>	<b>2,600,000</b>	<b>\$ 130,000</b>

- (i) Upon closing of the IPO described in note 6, the 2,600,000 common shares of the Company outstanding at September 30, 2019 will be subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

#### 4. Financial instruments and risk management

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

##### General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

##### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

##### *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian Dollars. The Company considers this risk to be minimal.

##### *Interest rate risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities, therefore interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

##### Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada. The Company is not exposed to any material credit risk. The Company's maximum exposure to credit risk is \$95,964.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at September 30, 2019, all of the Company's financial liabilities are due within one year.

As at September 30, 2019, the Company's working capital was \$104,463 and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Determination of fair value

The statements of financial position carrying amounts for cash, goods and services tax receivable, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Capital management

The Company monitors its equity as capital.

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

**5. Related party transactions**

The Company did not incur any related party transaction during the period.

**6. Subsequent events**

Initial Public Offering

On November 4, 2019, the Company completed its initial public offering ("IPO") of 2,200,000 common shares of the Company at a price of \$0.10 per share for aggregate gross proceeds of \$220,000. The common shares of the Company were listed on the TSX Venture Exchange ("TSXV") as a Capital Pool Company ("CPC") under the trading symbol "CRTS.P".

In connection with the IPO, the Company paid a cash commission of 8% of the gross proceeds of the IPO, a corporate finance fee of \$8,000, plus the agent's legal fees incurred pursuant to the IPO totaling \$12,497. The Company also issued 110,000 non-transferable compensation options at a purchase price of \$0.10 per compensation option share, expiring 24 months from the date of issuance.

CORTUS METALS INC.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and period ended September 30, 2018 *(unaudited)*

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On November 21, 2019, Cortus Metals Inc entered into a binding letter of agreement to acquire Intermont Resources LLC for US\$0.2 million in cash, stock, and royalty, via reverse takeover. The acquisition includes the Grayson and Powerline properties of Intermont Resources LLC. Under the terms of transaction, Cortus Metals Inc will pay US\$0.1 million in cash and issue 1,000,000 stock, and grant of a 2% net smelter returns royalty on the properties of Intermont Resources LLC. Intermont Resources LLC is located in Wyoming, United States and engages in gold and precious metal exploration activities. The deal is subject to customary closing conditions, completion of satisfactory due diligence, negotiation of definitive agreements and TSX-V approval.