

CORTUS METALS INC.

Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

Expressed in Canadian Dollars

To the shareholders of Cortus Metals Inc:

The condensed interim financial statements of Cortus Metals Inc. (the "Company") for the three and nine months ended September 30, 2020 and 2019 have been compiled by management.

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

CORTUS METALS INC.
Condensed Interim Statements of Financial Position
Expressed in Canadian Dollars

(unaudited)

As at	September 30 2020	December 31 2019
Assets		
Current		
Cash	\$ 1,514,254	\$ 181,357
Prepayments and deposits	84,304	2,000
Accounts receivable	70,000	-
Goods and services tax receivable	22,963	5,541
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	\$ 1,691,521	188,898
Exploration and evaluation properties (note 4)	896,524	25,040
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	\$ 2,588,045	\$ 231,613
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 168,827	17,254
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Equity		
Share capital (note 5)	2,900,881	288,868
Option and warrant reserve	342,046	30,800
Deficit	(823,709)	(105,309)
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	2,419,218	214,359
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	\$ 2,588,045	231,613
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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

Expressed in Canadian Dollars

(unaudited)

For the	three months ended Sep 30		nine months ended Sep 30	
	2019	2020	2019	2020
Expenses				
Advertising and promotion	\$ -	\$ 250,184	\$ -	\$ 250,184
Office and administration	-	22,428	-	23,873
Management fees	-	21,104	-	21,104
Professional fees	449	63,979	11,214	137,275
Project evaluation fees	-	455	-	455
Regulatory and filing fees	-	25,662	13,320	36,401
Share-based compensation (note 5)	-	252,000	-	252,000
	-	(635,811)	-	(721,292)
Other				
Interest Income	-	2,892	-	2,892
Comprehensive loss for the period	\$ (449)	\$ (632,919)	\$ (24,544)	\$ (718,400)
Basic and diluted loss per common share	(0.01)	(0.04)	(0.01)	(0.07)
Basic and diluted weighted average number of common shares outstanding (note 5)	11,247,252	16,380,776	8,753,676	10,135,712

The accompanying notes form an integral part of these financial statements

CORTUS METALS INC.

Condensed Interim Statements of Changes in Equity

Expressed in Canadian Dollars

(unaudited)

	Share capital	Option and warrant reserve	Deficit	Total equity
Balance at December 31, 2018	\$ 110,000	\$ -	\$ (813)	\$ 109,187
Shares issued for cash	20,000	-	-	20,000
Net loss	-	-	(24,544)	(24,544)
Balance at September 30, 2019	\$ 130,000	\$ -	\$ (25,357)	\$ 104,643
Shares issued for cash	220,000	-	-	220,000
Share issuance costs - cash	(56,732)	-	-	(56,732)
Share issuance costs – non-cash	(4,400)	4,400	-	-
Options issued	-	26,400	-	26,400
Net loss	-	-	(79,952)	(79,952)
Balance at December 31, 2019	\$ 288,868	\$ 30,800	\$ (105,309)	\$ 214,359
Shares issued for cash	2,562,500	-	-	2,562,500
Share issued for property	200,000	-	-	200,000
Share issuance costs – cash	(95,605)	-	-	(95,605)
Options issued	-	252,000	-	252,000
Warrants issued	(60,991)	60,991	-	-
Warrants exercised	6,109	(1,745)	-	4,364
Net loss	-	-	(718,400)	(718,400)
Balance at September 30, 2020	\$ 2,900,881	\$ 342,046	\$ (823,709)	\$ 2,419,218

The accompanying notes form an integral part of these financial statements

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

(unaudited)

For the nine months ended	Sep 30 2020	Sep 30 2019
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (718,400)	\$ (24,544)
Items not affecting cash:		
Share-based compensation	252,000	-
Changes in non-cash working capital:		
Goods and services tax receivable	(17,422)	(679)
Accounts receivable and prepayments	(134,629)	5,000
Accounts payable and accrued liabilities	151,573	2,000
Cash used in operating activities	<u>(466,878)</u>	<u>(18,223)</u>
Investing activities		
Exploration and evaluation property acquisition payments (note 4)	(578,143)	-
Exploration and evaluation property exploration expenditures (note 4)	(93,341)	-
Cash used in investing activities	<u>(671,484)</u>	<u>-</u>
Financing activities		
Proceeds from share issuances (note 5)	2,562,500	20,000
Proceeds from warrant exercise	4,364	-
Cash share issuance costs	(95,605)	-
Cash provided by financing activities	<u>2,471,259</u>	<u>20,000</u>
Net increase in cash	1,332,897	1,777
Cash, beginning of period	<u>181,357</u>	<u>94,187</u>
Cash, end of period	<u>\$ 1,514,254</u>	<u>\$ 95,694</u>

The accompanying notes form an integral part of these financial statements

CORTUS METALS INC.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

Expressed in Canadian Dollars

(unaudited)

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 NW, Suite 300, Edmonton, Alberta, T6H 4M9. 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 5). On August 28, 2020, the Company acquired an aggregate 100% interest in and to the Grayson and Powerline properties located in Nevada. The transaction constitutes the Company’s Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV (note 4).

2. Basis of presentation

These interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue by the Board of Directors of the Company on November 30, 2020.

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.

3. Management estimates and judgments

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its consolidated condensed interim financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values are consistent with those applied and disclosed in the Company’s financial statements for the year ended December 31, 2019, unless otherwise stated.

4. Exploration and evaluation properties

During the nine months ended September 30, 2020 the Company executed a definitive purchase agreement (the “Agreement”) to acquire an aggregate 100% interest in and to the Grayson and Powerline properties located in Nevada from Intermont Resources LLC (“Intermont”). The transaction constitutes the Company’s Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV.

Pursuant to the Agreement, Cortus acquired a 100% interest in the Properties by paying:

- i. cash payments of US \$274,400 in aggregate, of which US \$19,400 was paid as a non-refundable deposit and US \$105,000 was advanced as a secured loan to Intermont, which has been forgiven as a result of the Agreement, and a remaining cash payment of US \$150,000 paid on the closing date;
- ii. the issuance of 1,000,000 common shares in the capital of the Company, issued at a deemed value of \$200,000;
- iii. the grant of a 2.0% net smelter returns royalty on each property (the “Royalty”), with a buy down provision of USD \$1,500,000 for 1%.

CORTUS METALS INC.

Notes to the Condensed Interim Financial Statements

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Cortus was also granted the right to acquire additional properties held by Intermont within a defined area of interest for a period of twenty-four (24) months for consideration of 200,000 common shares of the Company per additional property acquired.

Concurrent with the execution of the Agreement, the Company has entered into a definitive two-year option agreement with Intermont to acquire 100% of the membership interest of Intermont in consideration of the issuance of 6,000,000 common shares, less any shares issued by the Company to acquire additional properties.

Total costs incurred by the Company on the Property are summarized as follows:

	Acquisition	Exploration	Total
Balance, December 31, 2019	\$ 25,040	\$ -	\$ 25,040
Acquisition	778,143	-	778,143
Analytics	-	7,344	7,344
Fieldwork – General	-	79,497	79,497
Geological consulting	-	6,500	6,500
Balance, September 30, 2020	\$ 803,183	\$ 93,341	\$ 896,524

5. Share capital

On August 25, 2020, the Company's common shares were split on the basis of two (2) new shares for each one (1) old share (the "Split") applicable to shareholders of record as of the close of business on August 21, 2020 (the "Record Date"). All current and historical references to the Company's common share, warrant, and option amounts have been updated throughout these financial statements.

a) Common shares

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

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

	Number of shares	Amount
Balance at December 31, 2019	9,600,000	\$ 288,868
Shares issued for properties (note 4)	1,000,000	200,000
Shares issued in private placement	17,083,338	2,562,500
Shares issued pursuant to warrant exercises	87,274	4,364
Share issuance costs, cash	-	(95,605)
Share issuance costs, non-cash	-	(59,246)
Balance at September 30, 2020	27,770,612	\$ 2,900,881

CORTUS METALS INC.

Notes to the Condensed Interim Financial Statements

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Private placement

During the nine months ended September 30, 2020, the Company completed a non-brokered financing (the "Financing") raising gross proceeds of \$2,562,500 through the sale of 17,083,338 units at a price of \$0.15 per unit (each a "Unit"). Each Unit comprised one common share and one share purchase warrant (each a "Warrant") to acquire a further common share at a price of \$0.20 per share until August 26, 2022.

Aggregate finder's fees of \$91,473 in cash and 609,918 in finder's warrants, bearing the same terms as the Warrants, were paid to registered dealers in connection with the Financing. The fair value of these warrants of \$60,991 was allocated to the share capital from the option and warrant reserves.

Escrowed common shares

Upon closing of the IPO on November 4, 2019, 5,600,000 common shares of the Company 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. As of the date of these financial statements 5,040,000 common shares remained in escrow.

b) Stock options

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

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

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2019	880,000	\$ 0.05
Issued	1,680,000	0.15
Outstanding options, September 30, 2020	2,560,000	\$ 0.12

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

Exercise Price	Number of options	Sep 30, 2020	Exercise Price	Number of options	December 31, 2019
		Remaining contractual life (years)			Remaining contractual life (years)
\$ 0.05	880,000	4.1	\$ 0.05	880,000	4.9
	1,680,000	4.9			
\$ 0.12	2,560,000	4.6	\$ 0.05	880,000	4.9

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On August 26, 2020, the Company granted stock options to acquire up to an aggregate 1,680,000 common shares of the Company under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of \$0.15 per common share and have an expiry date of August 26, 2025 or earlier in accordance with the terms of the Plan.

The estimated fair value of these options of \$252,000, or \$0.15 per option, has been recorded as share-based compensation expense in the 2020 fiscal year and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.20; expected life, 5 years; expected volatility, 90%; risk-free rate 0.29%; expected dividends, 0%.

c) Warrants

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

	Number of warrants	Weighted average exercise price
Outstanding warrants, December 31, 2019	220,000	\$ 0.05
Issued	17,659,922	0.20
Exercised	(87,124)	0.05
Outstanding warrants, September 30, 2020	17,792,798	\$ 0.20

A summary of the warrants outstanding and exercisable is as follows:

Exercise Price	Number of warrants	Sep 30, 2020	Exercise Price	Number of warrants	December 31, 2019
		Remaining contractual life (years)			Remaining contractual life (years)
\$ 0.05	132,876	1.1	\$ 0.05	220,000	1.9
0.20	17,050,004	4.9			
0.20	609,918	4.9			
\$ 0.20	17,792,798	4.9	\$ 0.05	220,000	1.9

- i. 609,981 warrants were issued to agents pursuant to the close of the non-brokered private placement closing on August 26, 2020 as compensation for services provided by the agents. The estimated fair value of the agents' warrants of \$60,991, or \$0.10 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.20; expected life, 2 years; expected volatility, 90%; risk free rate, 0.29%; expected dividends, 0%.

6. Financial instruments and risk management

Fair value of financial instruments

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

The three levels of hierarchy are:

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

The Company's cash and cash equivalents are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2. As at September 30, 2020, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

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

Credit risk

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

Liquidity risk

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

As at September 30, 2020, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

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

CORTUS METALS INC.

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(unaudited)

Classification of financial instruments

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

	September 30 2020	December 31 2019
Financial asset at amortized cost		
Cash	\$ 1,514,254	\$ 181,357
	<u>\$ 1,514,254</u>	<u>\$ 181,357</u>

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

	September 30 2020	December 31 2019
Non-derivative financial liabilities		
Accounts payable and accrued liabilities	\$ 168,827	\$ 17,254
	<u>\$ 168,827</u>	<u>\$ 17,254</u>

Capital management

The Company monitors its equity as capital.

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

7. Related party transactions

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

For the nine months ended	September 30 2020	September 30 2019
Management fees paid to key management and directors	\$ 21,104	\$ -
	<u>\$ 21,104</u>	<u>\$ -</u>