

**FILING STATEMENT**

**OF**

**CORTUS METALS INC.**

**With respect to a Proposed Qualifying Transaction involving the Acquisition of the  
Grayson and Powerline Properties from Intermont Resources, LLC**

**August 21, 2020**

*Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.*

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## GLOSSARY OF TERMS

The following is a glossary of certain defined terms used frequently throughout this Filing Statement. Terms and abbreviations used in the financial statements of the Issuer are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this Filing Statement and in such cases will have the meanings ascribed thereto.

- “\$” means Canadian dollars.
- “Affiliate” has the meaning set out in the Exchange Manual.
- “Apex” means APEX Geoscience Ltd., the author of the Technical Report via Michael B. Dufresne, M.Sc., P.Geol, P.Geo and Fallon T. Clarke, B.Sc., P. Geo.
- “Area of Interest” means the area which is included within a distance of two kilometers surrounding the project boundary areas of the Mineral Rights.
- “Arm’s Length Transaction” means a transaction which is not a related party transaction as defined under applicable Securities Laws. The Transaction described in this Filing Statement is an Arm’s Length Transaction.
- “Associate” means, when used to indicate a relationship with a person or company:
- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
  - (b) any partner of the person or company;
  - (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity; or
  - (d) in the case of a person, a relative of that person, including:
    - (i) that person’s spouse or child, or
    - (ii) any relative of the person or of his spouse who has the same residence as that person;
- but
- (e) where the Exchange determines that two persons will, or will not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination will be determinative of their relationships in the application of Rule D (as defined in applicable Exchange Policies) with respect to that Member firm, Member corporation or holding company.
- “BCBCA” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended from time to time, including the regulations promulgated thereunder.

<b>“Board” or “Board of Directors”</b>	means the board of directors of the Issuer or the Resulting Issuer, as the context requires.
<b>“Bulletin Date”</b>	means the date on which the Final Exchange Bulletin is issued by the Exchange with respect to the Transaction.
<b>“Business Day”</b>	means a day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia.
<b>“CEO”</b>	means each individual who served as Chief Executive Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
<b>“Closing”</b>	means the closing of the Transaction.
<b>“Closing Date”</b>	means the date of Closing, which pursuant to the Purchase Agreement, is to be the date which is five Business Days following the satisfaction or waiver of all of the conditions precedent set forth in the Purchase Agreement.
<b>“company”</b>	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
<b>“Completion of the Qualifying Transaction”</b>	means the date the Final Exchange Bulletin is issued by the Exchange.
<b>“Consultant”</b>	means Tectonex LLC via its designated employee Maury C. Newton
<b>“Consulting Agreement”</b>	means the consulting agreement to be entered into between the Issuer and the Consultant on or prior to the Closing Date.
<b>“Control Person”</b>	means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
<b>“COVID-19”</b>	means coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).
<b>“CPC”</b>	means a corporation: <ul style="list-style-type: none"> <li>(a) that has been incorporated or organized in a jurisdiction in Canada</li> <li>(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and</li> <li>(c) in regard to which Completion of the Qualifying Transaction has yet not occurred.</li> </ul>
<b>“CPC Escrow Agreement”</b>	means the Exchange Form 2F <i>CPC Escrow Agreement</i> dated September 28, 2018 among the Issuer, the Escrow Agent and certain Shareholders, pursuant to which the CPC Escrow Shares are currently held in escrow.

<b>“CPC Escrow Shares”</b>	means 2,600,000 Shares held in escrow by the Escrow Agent pursuant to the CPC Escrow Agreement
<b>“CPC Policy”</b>	means Policy 2.4 of the Exchange Manual.
<b>“Escrow Agent”</b>	means Computershare Investor Services Inc.
<b>“Escrow Policy”</b>	means Policy 5.4 of the Exchange Manual.
<b>“Exchange”</b>	means the TSX Venture Exchange Inc.
<b>“Exchange Manual”</b>	means the Corporate Finance Manual of the Exchange and all orders, policies, rules, regulations, bulletins, staff notices and by-laws of the Exchange as amended from time to time.
<b>“executive officer”</b>	means (i) the chair, (ii) the vice-chair, (iii) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (iv) an officer, including of a subsidiary, who performs a policy making functions; (v) or any other individual performing policy making functions of a company, including the Issuer, the Target or the Resulting Issuer.
<b>“Filing Statement”</b>	means this filing statement dated August 21, 2020, together with all Schedules attached hereto.
<b>“Final Exchange Bulletin”</b>	means the Exchange bulletin to be issued following the submission of all required documentation in connection with the Qualifying Transaction, which evidences the final Exchange acceptance of the Qualifying Transaction.
<b>“Financing”</b>	means the sale by the Issuer on a non-brokered basis of a minimum of 8,333,333 Units and a maximum of 16,666,667 Units at a price of \$0.15 per Unit for aggregate proceeds of a minimum of \$1,250,000 and a maximum of \$2,500,000 to be closed immediately prior to the closing of the Transaction.
<b>“Finder”</b>	means a registrant who assists the Issuer in placing Units in the Financing.
<b>“Finder’s Warrants”</b>	means the non-transferable warrants to be granted by the Issuer to any Finder in connection with the Financing, entitling the holder to purchase the number of Finder's Warrant Shares as equates to 6% of the Units for which the Finder has found purchasers under the Financing, each exercisable at a price of \$0.20 per Finder's Warrant Share, for a period of 24 months following the Closing Date.
<b>“Finder’s Warrant Shares”</b>	means the Resulting Issuer Shares issuable upon exercise of the Finder's Warrants.
<b>“Grayson Property”</b>	means the mineral claims known as the Grayson property, located in Pershing County, northwestern Nevada
<b>“IFRS”</b>	means International Financial Reporting Standards.

<b>“Insider”</b>	if used in relation to a company, means: <ul style="list-style-type: none"> <li>(a) a director or senior officer of a company;</li> <li>(b) a director or senior officer of a company that is an Insider or subsidiary of a company;</li> <li>(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of a company; or</li> <li>(d) a company itself if it holds any of its own securities.</li> </ul>
<b>“IPO”</b>	means the initial public offering of the Issuer as completed on October 24, 2017
<b>“IPO Agency Agreement”</b>	means the agency agreement dated May 31, 2019 between the Issuer and the IPO Agent.
<b>“IPO Agent”</b>	means Haywood Securities Inc., at its office in Vancouver, British Columbia, the agent which assisted the Issuer with respect to the sale of Shares in the IPO pursuant to the terms of the IPO Agency Agreement.
<b>“IPO Agent’s Warrants”</b>	means the non-transferable warrants entitling the IPO Agent to acquire up to 110,000 Shares at an exercise price of \$0.10 per Share, expiring on November 5, 2021.
<b>“Issuer”</b>	means Cortus Metals Inc., a corporation incorporated under the BCBCA and a tier 2 mining issuer listed on the Exchange under the trading symbol “CRTS.P”.
<b>“Letter Agreement”</b>	means the letter agreement dated November 18, 2019 between the Issuer and the Vendor concerning the Transaction, which letter agreement has been superseded by the Purchase Agreement and the Option Agreement.
<b>“Loan Agreement”</b>	means the loan agreement dated December 17, 2019, as amended April 21, 2020, between the Issuer and the Vendor pursuant to which the Issuer agreed to lend up to US\$105,000 to the Vendor as a secured loan.
<b>“Maximum Financing”</b>	means the sale by the Issuer on a non-brokered basis of a minimum of 16,666,667 Units at a price of \$0.15 per Unit for aggregate gross proceeds of \$2,500,000.
<b>“MD&amp;A”</b>	means management’s discussion and analysis, as such term is defined in National Instrument 51-102 – <i>Continuous Disclosure Obligations</i> .
<b>“Member”</b>	means a member of the Exchange as defined in the TSX Venture Exchange Rules.
<b>“Membership Interest”</b>	means 100% of the membership interest of the Vendor.
<b>“Mineral Rights”</b>	means mineral claims, mining leases, mineral concessions and other forms of tenure held by the Vendor, and includes, but is not limited to, unregistered or open claims identified by the Vendor
<b>“Mineral Rights Option”</b>	means the sole and exclusive option to be granted by the Vendor to the Issuer on the Closing Date to acquire any of the Mineral Rights during the Option Period

<b>“Mineral Rights Royalty”</b>	means the 2% net smelter returns royalty to be granted to the Vendor Members by the Issuer following the exercise by the Issuer of the Mineral Rights Options in respect of a group of Mineral Rights constituting a project, as set forth in the Purchase Agreement.
<b>“Minimum Financing”</b>	means the sale by the Issuer on a non-brokered basis of a minimum of 8,333,333 Units at a price of \$0.15 per Unit for aggregate gross proceeds of \$1,250,000.
<b>“Named Executive Officer or NEO”</b>	means one of the (i) the Chief Executive Officer, (ii) the Chief Financial Officer, (iii) each of the Issuer’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, or (iv) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Issuer, nor in a similar capacity, as at the end of the most recently completed financial year end.
<b>“NI 43-101”</b>	means National Instrument 43-101 - <i>Standards of Disclosure for Mineral Projects</i> and the companion policies and forms thereto
<b>“Non-Arm’s Length Party”</b>	in relation to a company, a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such Persons, and in relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.
<b>“Non-Arm’s Length Parties to the Qualifying Transaction”</b>	means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm’s Length Parties of the Vendor(s), the Non-Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties. There are no “Non-Arm’s Length Parties to the Qualifying Transaction” involved in the Transaction.
<b>“Non-Arm’s Length Qualifying Transaction”</b>	means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction. The Transaction is not a Non-Arm’s Length Qualifying Transaction.
<b>“Option”</b>	means the sole and exclusive right and option to acquire the Membership Interest to be granted by the Vendor Members to the Issuer pursuant to the Option Agreement
<b>“Option Agreement”</b>	means the option agreement dated May 28, 2020 between the Issuer, the Vendor and the Vendor Members in respect of the Option, a copy of which is available on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a> under the profile of the Issuer.
<b>“Option Period”</b>	means a period of 24 months following the Closing Date.
<b>“Payment Shares”</b>	means 1,000,000 post-Split Shares issuable to the Vendor as partial consideration for the Properties pursuant to the Purchase Agreement.

<b>“person”</b>	includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.
<b>“Placement Warrants”</b>	means the transferable warrants forming part of the Units to be sold within the Financing, each exercisable to acquire a Placement Warrant Share at a price of \$0.20 per Placement Warrant Share, for a period of 24 months following the Closing Date, subject to accelerated expiry provisions.
<b>“Placement Warrant Shares</b>	means the Resulting Issuer Shares issuable upon exercise of the Placement Warrants
<b>“Powerline Property”</b>	means the mineral claims known as the Powerline property, located in Pershing County, northwestern Nevada
<b>“Properties”</b>	means, collectively the Grayson Property and the Powerline Property.
<b>“Properties Royalty”</b>	means the 2% net smelter returns royalty to be granted to the Vendor Members in respect of the Properties.
<b>“Purchase Agreement”</b>	means the property purchase agreement dated May 28, 2020 between the Issuer and the Vendor, a copy of which is available on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a> under the profile of the Issuer
<b>“Qualifying Transaction”</b>	means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and in this Filing Statement means the Transaction.
<b>“Restrictive Area”</b>	means the area so identified within the Purchase Agreement
<b>“Resulting Issuer”</b>	means the Issuer that was formerly a CPC that exists upon the issuance of the Final Exchange Bulletin.”
<b>“Resulting Issuer Shares”</b>	means post-Split common shares in the capital of the Resulting Issuer.
<b>“Securities Laws”</b>	means the <i>Securities Act</i> (British Columbia) or equivalent legislation in those provinces, states, and countries which have or assume jurisdiction over the affairs of the Issuer, the Vendors, the Resulting Issuer and any party to the Transaction, and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such laws, as well as the rules, regulations, by-laws and policies of the Exchange.
<b>“SEC”</b>	means the United States Securities and Exchange Commission.
<b>“SEDAR”</b>	means the System for Electronic Document Analysis and Retrieval being the official website that provides access to most public securities documents and information filed by issuers and investment funds with the Canadian Securities Administrators (CSA) in the SEDAR filing system at the website address of <a href="http://www.sedar.com">www.sedar.com</a> .
<b>“Shareholders”</b>	means the holders of Shares.
<b>“Shares”</b>	means common shares in the capital of the Issuer.

<b>“Significant Assets”</b>	means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions which would result in the CPC meeting the initial listing requirements of the Exchange, and in this Filing Statement means the Properties.
<b>“Split”</b>	means the proposed split of the Issuer’s common shares on a one old for two new basis.
<b>“Sponsor”</b>	means has the meaning specified in the Sponsorship Policy.
<b>“Stock Option Plan”</b>	means the stock option plan of the Issuer or the Resulting Issuer, as applicable.
<b>“Sponsorship Policy”</b>	means Policy 2.2 of the Exchange Manual.
<b>“Target Company”</b>	means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction, and in this Filing Statement is not applicable.
<b>“Technical Report”</b>	means the report entitled “technical report on the Grayson and Powerline Properties, Pershing County, Nevada, USA” prepared by APEX in respect of the Properties with an effective date of October 31, 2019 and prepared in accordance with the form requirements of NI 43-101
<b>“Transaction”</b>	means the acquisition of a 100% interest in the Properties by the Issuer pursuant to the Purchase Agreement, which is intended to constitute the Issuer’s Qualifying Transaction in accordance with the CPC Policy.
<b>“Transfer Agent”</b>	means the Issuer’s transfer agent and registrar, Computershare Investor Services Inc.
<b>“U.S. Exchange Act”</b>	means the <i>United States Securities Exchange Act of 1934</i> , as amended, including the rules and regulations promulgated thereunder.
<b>“U.S. Securities Act”</b>	means the <i>United States Securities Act of 1933</i> , as amended, including the rules and regulations promulgated thereunder.
<b>US \$</b>	means United States dollars.
<b>“Units”</b>	means the Units to be sold pursuant to the Financing, each such Unit comprising one Resulting Issuer Share and one Placement Warrant
<b>“Vendor”</b>	means one or all of the beneficial owners of the Significant Asset pursuant to a Qualifying Transaction, and in this Filing Statement means the Intermont Resources LLC, a private Wyoming limited liability company.
<b>“Vendor Member”</b>	means each of the holders of the Membership Interest

## CAUTION REGARDING FORWARD LOOKING STATEMENTS

The information provided in this Filing Statement, including information incorporated by reference, may contain "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "**forward-looking statements**") about the Issuer. In addition, the Issuer and the Vendor may make or approve certain statements in future filings with securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute forward-looking statements.

All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Issuer and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. See "*Risk Factors*".

In particular, this Filing Statement contains forward-looking statements pertaining to the following:

- the terms, conditions and completion of the Transaction, as well as the anticipated closing and effective date of the Transaction.
- the Bulletin Date;
- the obtaining of all required regulatory approvals in connection with the Transaction;
- the available funds of the Resulting Issuer and the anticipated use of those funds by the Resulting Issuer;
- the Resulting Issuer's expectations that the proceeds of the Financing will be sufficient to cover its expenses in the next twelve months;
- the success of the Resulting Issuer's exploration activities and programs and the Resulting Issuer's plans and expectations for the Properties;
- the Issuer's assessment of potential environmental liabilities on the Properties;
- timing and costs associated with completing exploration work on the Properties;
- the Resulting Issuer's plan to pursue exploration activities on the Properties, including statements regarding intentions to develop the Properties or put the Properties into commercial production;
- the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits;
- projections of market prices and costs for the Resulting Issuer's products and the future market for gold and other precious metals and conditions affecting same;
- permitting timelines;
- currency fluctuations;
- treatment under government regulatory and taxation regimes;
- expectations regarding the Resulting Issuer's ability to raise capital;
- statements relating to the business and future activities of, and developments related, to the Resulting Issuer after the date of this Filing Statement and thereafter;
- liquidity of the Shares following the Bulletin Date; and
- the Resulting Issuer's expected business objectives in the next twelve months and thereafter.

With respect to forward-looking statements listed above and contained in this Filing Statement, management of the Issuer has made assumptions regarding, among other things:

- the Issuer's and the Vendor's ability to satisfy the conditions to the Transaction;

- the legislative and regulatory environment;
- the timing and receipt of governmental approvals;
- foreign currency and exchange rates;
- ability to attract and retain skilled management and staff;
- that tax and regulatory regimes will remain largely unaltered;
- anticipated results of exploration activities;
- predictable changes to market prices for gold and precious metals and other predicted trends regarding factor underlying the market for such products;
- the Resulting Issuer's ability to obtain additional financing on satisfactory terms; and
- the global economic environment, including that financial markets will not in the long term be adversely affected by the COVID-19 pandemic.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Filing Statement:

- the possibility that future exploration results will not be consistent with the Resulting Issuer's expectations;
- the Resulting Issuer's expectation to incur significant ongoing costs and obligations relating to the Properties;
- the Resulting Issuer may not be able to secure additional financing for current and future operations and capital projects;
- liabilities and uncertainties inherent in mining operations;
- volatility in the market prices for gold, precious metals and other natural resources;
- risks that the Resulting Issuer's title to its properties could be challenged;
- fluctuations in currency and interest rates;
- critical illness or death of the key management and consultants of the Resulting Issuer;
- risks related to the Resulting Issuer's ability to attract and retain qualified personnel, including the ability to keep essential operational staff in place as a result of COVID-19;
- competition for, among other things, capital, mineral properties, equipment and skilled personnel;
- risks relating to global financial and economic conditions, including the impact of market reaction to the COVID-19 pandemic;
- risks related to the COVID-19 pandemic;
- alteration of tax regimes and treatments;
- limited operating history and the Resulting Issuer's ability to continue as a going concern;
- changes in legislation affecting operations, including changes in environmental laws and regulations;
- failure to realize the benefits of the Transactions and any future acquisitions;
- incorrect assessments of the value of acquisitions; and
- other factors discussed under *Risk Factors*.

Consequently, all forward-looking statements made in this Filing Statement and other documents of the Issuer are qualified, in their entirety, by these cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on by the Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or persons acting on its behalf may issue. The Issuer undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. For all these reasons, investors should not place undue reliance on forward-looking statements.

### **CURRENCY AND ACCOUNTING PRINCIPLES**

Unless otherwise indicated, all references to "\$", "CDN\$" or "dollars" in this Filing Statement refer to Canadian dollars and references to "US\$" or "USD" refer to United States dollars. The Issuer's accounts are maintained in Canadian dollars.

Terms and abbreviations used in the financial statements of the Issuer and in the schedules to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

The closing exchange rates for the USD to Cdn\$1.00 for the applicable periods are set forth below:

USD\$1.00 to CDN\$	Period from January 1, 2020 to the date of this Filing Statement	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Low</b>	\$1.2970	\$1.2988	1.2288	1.2128
<b>High</b>	\$1.4496	\$1.3600	1.3642	1.3743
<b>Period End</b>	\$1.3171	\$1.2988	1.3642	1.2545

The exchange rate as at August 19, 2020, as reported by the Bank of Canada for the conversion of Canadian dollars to United States dollars was CDN\$1.00 equals USD\$0.7592 or USD1.00 equals CDN\$1.3171.

The historical financial statements of the Issuer included in this Filing Statement are reported in Canadian dollars and have been prepared in accordance with IFRS.

### METRIC EQUIVALENTS

The following table sets forth the conversion from metric into imperial equivalents.

<b><u>To convert</u></b>	<b><u>To imperial measurement units</u></b>	<b><u>Multiply by</u></b>
Kilograms	Pounds	2.2046
Grams	Ounces (troy)	0.0353
Tonnes	Tons (short)	0.9072
Hectares	Acres	2.4711
Kilometers	Miles	0.6214
Meters	Feet	3.2808

### ABBREVIATIONS

Ag	Silver	As	Arsenic
Au	Gold	Cu	Copper
EM	Electromagnetic	Fe	Iron
g/t	Grams per metric tonne	Ha	Hectares
Km	Kilometre	Ni	Nickel
Oz/t	Ounces per metric tonne	Pb	Lead
Ppb	Parts per billion	Ppm	Parts per million
Zn	Zinc		

### INDUSTRY DATA

The industry data contained in this Filing Statement is based upon information from independent industry and other publications and the Issuer's management's knowledge of, and experience in, the industry in which the Resulting Issuer will operate. None of the sources of industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Transaction. Industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. The Issuer has not independently verified any of the data from third party sources referred to in this Filing Statement or ascertained the underlying assumptions relied upon by such sources.

### NOTE REGARDING PRO FORMA SHARE CAPITALIZATION AND FINANCIAL DISCLOSURE

Unless otherwise indicated, all disclosure herein with respect to the pro forma share capitalization and financial disclosure of the Resulting Issuer following the completion of the Transaction and Financing.

## **DATE OF INFORMATION**

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of August 21, 2020 and the phrase "as of the date hereof" and equivalent phrases refer to August 21, 2020.

## SUMMARY

*The following is a summary of information related to the Issuer, the Significant Assets and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement, including the Schedules, which are incorporated herein and form part of this Filing Statement. Certain capitalized words and terms used in this Summary are defined in the Glossary.*

### **Parties**

The Issuer is a CPC listed on the Exchange. See “*Information Concerning the Issuer*” for further information. The Significant Assets are precious metals exploration properties located in the State of Nevada. The Vendor is a private Wyoming limited liability corporation. See “*Information Concerning the Significant Assets*” for further information.

### **Summary and Principal Terms of the Transaction**

The Issuer has entered into the Purchase Agreement, whereby the Issuer will acquire a 100% interest in and to the Properties from the Vendor in consideration of the payment of an aggregate of US\$274,400, the issuance of the Payment Shares and the grant of the Properties Royalty. The Purchase Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com). The completion of the Transaction is conditional upon the receipt of the approval of the Exchange and certain other closing conditions as more particularly described in the Purchase Agreement, including the execution of the Option Agreement.

See “*Information Concerning the Transaction.*”

### **The Financing**

The Completion of the Transaction is subject to the completion of the Minimum Financing. The Financing will be completed concurrently with the Transaction and will consist of the issuance of a minimum of 8,333,333 Units and a maximum of 16,666,667 Units at a price of \$0.15 per Unit for aggregate gross proceeds of a minimum of \$1,250,000 and a maximum of \$2,500,000.

Each Unit will comprise one Resulting Issuer Share and one Placement Warrant. Each Placement Warrant entitles the holder to acquire a Placement Warrant Share at a price of \$0.20 per Placement Warrant Share, subject to accelerated expiry provisions such that if the closing price of the Resulting Issuer Shares on the Exchange is equal to or greater than \$0.25 for a period of five consecutive trading days, the Issuer may, provide notice of the reduction of the remaining exercise period applicable to the Placement Warrants to a period of 30 days.

Finder's fees will be payable on portions of the Financing, such that certain Finders will receive a payment of 6% of the gross proceeds placed by such Finder under the Financing payable in cash. Certain Finders may be granted Finder's Warrants entitling it to purchase Finder's Warrant Shares in the amount of 6% of the total number of Units placed by such Finder in the Financing. The Finder's Warrants will be exercisable at \$0.20 per Finders Warrant Share for a period of 24 months following completion of the Financing, subject to the accelerated exercise provisions applicable to the Placement Warrants. In the event the Maximum Financing is completed, up to a maximum of 1,000,000 Finder's Warrants will be issued to Finders.

See “*Information Concerning the Issuer – the Financing.*”

### **Arm's Length Transaction**

The Transaction will be carried out by parties dealing at arm's length to one another and therefore will not be a Non-Arm's Length Qualifying Transaction. See “*Information Concerning the Transaction.*”

**The Issuer**

The Issuer is a company incorporated under the BCBCA on June 25, 2018 and is a CPC established in accordance with the Exchange Manual. Upon the Closing (and the completion of the Split and the Maximum Financing), the Resulting Issuer anticipates having 27,266,667 Resulting Issuer Shares issued and outstanding, 2,560,000 Resulting Issuer Options outstanding, 220,000 IPO Agent's Warrants outstanding and up to 1,000,000 Finder's Warrants outstanding. See "*Information Concerning the Resulting Issuer – Fully Diluted Share Capital.*" At present, the Issuer does not own any assets other than cash. Since its incorporation, the sole activity of the Issuer has been to identify, evaluate, and acquire assets, properties or businesses which could constitute a Qualifying Transaction. See "*Information Concerning the Issuer.*"

**Directors and Management**

Following the Bulletin Date, the persons below will hold the following positions with the Resulting Issuer:

Sean Mager – President, Chief Executive Officer, Corporate Secretary and Director  
Chris Beltgens – Chief Financial Officer and Director  
Jeremy Yaseniuk –Director  
John Williamson –Director  
James Greig –Director

See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters.*"

**The Significant Assets**

The Significant Assets consist of the Properties and the Option granted to the Issuer by the Vendor Members pursuant to the Option Agreement . See "*Information Concerning the Significant Assets*" for further information.

**Interests of Insiders, Promoters or Control Persons**

Insiders of the Issuer currently hold an aggregate of 2,000,000 Shares, all of which were issued at a price of \$0.05 per Share and are held in escrow pursuant to the CPC Escrow Agreement. See "*Information Concerning the Resulting Issuer – Escrowed Securities*" for additional information.

The directors of the Issuer hold Options to purchase up to an aggregate of 440,000 Shares exercisable at a price of \$0.10 per Share until November 5, 2024, although in accordance with their terms they will terminate on the later of 12 months after completion of the Qualifying Transaction and 90 days after the holder ceasing to be a director .

In accordance with the CPC Policy, all Shares purchased by Insiders or at a discount to the initial public offering price prior to the Issuer's initial public offering are subject to the CPC Escrow Agreement. Upon Completion of the Transaction, and assuming the Resulting Issuer is listed as a Tier 2 mining issuer on the Exchange, 10% of the Shares held in escrow will be released upon the issuance of the Final Exchange Bulletin and the remaining Shares held in escrow will be released in six equal tranches of 15% every six months following the date of the Final Exchange Bulletin.

See "*Information Concerning the Resulting Issuer – Escrowed Securities*" and "*Pro Forma Consolidated Capitalization*" for additional information.

## Funds Available

Upon Completion of the Transaction and Financing, the Resulting Issuer will have between \$1,150,000 and \$2,325,000 of estimated funds available, comprised of:

Source	Minimum Financing	Maximum Financing
Working capital of the Issuer as at July 31, 2020	\$25,000	\$25,000
Net proceeds of the Financing <sup>(1)</sup>	\$1,175,000	\$2,350,000
Less estimated remaining transaction costs	(\$50,000)	(\$50,000)
<b>Total</b>	<b>\$1,150,000</b>	<b>\$2,325,000</b>

Notes:

(1) Assumes a finder's fee of 6% of the proceeds placed payable in cash will be paid on the entirety of the Financing.

The principal purpose of such funds, after giving effect to the Transaction and for the 12 months thereafter, will be for, among other things, working capital, general and administrative costs and exploration expenditures. It is anticipated that the Resulting Issuer will use such funds as follows:

Use of Available Funds	Budget Expenditure if Minimum Financing	Budgeted Expenditure if Maximum Financing
Cash Payments due pursuant to the Purchase Agreement	\$202,500	\$202,500
Exploration program on the Properties	\$249,750	\$249,750
Estimated general and administrative costs over the 12 months following the Bulletin Date	\$417,080	\$417,080
Unallocated working capital	\$280,670	\$1,480,670
<b>Total</b>	<b>\$1,150,000</b>	<b>\$2,325,000</b>

There may be circumstances where, for sound business reasons a reallocation of funds may be necessary. See "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

## Selected Pro Forma Consolidated Financial Information

The following table sets forth certain financial information of the Issuer as at and for the three months ended March 31, 2020, and pro forma financial information as at and for the three months ended March 31, 2020, for the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction and Financing and certain other adjustments.

The following information should be read in conjunction with the financial statements and reports thereon included in this Filing Statement, being the audited financial statements of the Issuer for the year ended December 31, 2019 and the period from incorporation on June 25, 2018 and ended December 31, 2018, which are attached as Schedule “A” hereto, and MD&A for the year ended December 31, 2019, attached as Schedule “B”; the unaudited interim financial statements of the Issuer for the three months ended March 31, 2020, which are attached as Schedule “C” and MD&A for the three months ended March 31, 2020, attached as Schedule “D”; and the unaudited consolidated pro forma financial statements of the Resulting Issuer giving effect to the Transaction as well as the Minimum Financing, which are attached as Schedule “E” hereto.

	<b>Issuer As at March 31, 2020 (unaudited)</b>	<b>Pro Forma Adjustments (unaudited) (\$)</b>	<b>Resulting Issuer Pro Forma as at March 30, 2020 (unaudited) (\$)</b>
Current Assets	88,387	885,474	973,861
<b>Total Assets</b>	<b>231,536</b>	<b>1,300,000</b>	<b>1,531,536</b>
Current Liabilities	(18,934)	(-)	(18,934)
<b>Total Liabilities</b>	<b>(18,934)</b>	<b>(-)</b>	<b>(18,934)</b>
<b>Shareholders' Equity</b>	<b>212,602</b>	<b>1,300,000</b>	<b>1,531,536</b>

**Market for Securities** The Shares are currently listed on the Exchange for trading under the symbol CRTS.P. The ask price of the Shares on November 18, 2019, being the last day on which the Shares were open for trading prior to the halt of trading of the Shares pending the announcement of the Transaction was \$0.10. The Shares have been halted from trading on the Exchange since November 19, 2019. See “*Information Concerning the Issuer – Stock Exchange Price*” for more information.

Upon completion of the Transaction, the Resulting Issuer Shares will continue to be listed on the Exchange under the existing trading symbol “CRTS”.

**Conflicts of Interest** Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in the mining industry. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible business opportunities or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. As of the date of this Filing Statement, to the best of its knowledge, the Issuer is not aware of the existence of any conflicts of interest between Issuer and any of the directors or officers of the Issuer. Please see “*Information Concerning the Resulting Issuer – Conflicts of Interest*”.

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer, please see “*Information Concerning the Resulting Issuer – Other Reporting Issuer Experience*”.

**Sponsorship** Pursuant to the Sponsorship Policy, unless an exemption is obtained sponsorship is generally required in conjunction with a Qualifying Transaction. The Issuer has made application to the Exchange and received an exemption from the sponsorship requirement on the basis that:

(a) the Resulting Issuer will not be a foreign issuer or the holder of a foreign property upon completion of the Transaction; (b) the board of directors and management of the Resulting Issuer meet a high standard and collectively possess appropriate experience, qualifications and history, having positive records with junior companies and appropriate technical and other experiences with public companies in Canada and the United States, and (c) the Resulting Issuer will be a mining issuer, satisfying the listing requirements for a Tier 2 Issuer and will have a current technical report on its material mineral property.

Please see “*General Matters – Sponsorship*”.

**Promoter**

The members of the Issuer’s Board are the promoters of the Issuer. The Board collectively hold 2,000,000 Shares, all of which are held pursuant to the CPC Escrow Agreement. Each member of the Board has also been granted 88,000 Options. Sean Mager is currently the President, Chief Executive Officer, Corporate Secretary and a director of the Issuer and Chris Beltgens is the Chief Financial Officer and a director of the Issuer. All of the directors and officers of the Issuer will remain in their positions on the Closing Date.

**Exchange Approval**

The Exchange has conditionally accepted the Transaction subject to the Issuer fulfilling all of the requirements of the Exchange.

**Interests of Experts**

To the best of the Issuer’s knowledge, no direct or indirect interest in the Issuer is held or will be received by any experts responsible for opinions or reports referred to in this Filing Statement. No expert is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer. Please see “*Information Concerning the Resulting Issuer – Experts*” for more information.

**Risk Factors**

**An investment in the Issuer, or the Resulting Issuer following completion of the Transaction, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Issuer and the Resulting Issuer.**

The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to (a) transaction and general risk factors such as: (i) risks relating to the completion of the Transaction, (ii) risks relating to the Resulting Issuer’s additional funding requirements; (iii) market risks; (iv) conflicts of interest between the Resulting Issuer and its proposed directors and officers; (v) adverse economic conditions, (vi) the COVID-19 pandemic; and (vii) the Resulting Issuer’s ability to pay dividends; (b) risks associated with the Resulting Issuer’s business such as: (i) industry risks; (ii) dependence on the Properties; (iii) title risks; (iv) infrastructure risk; (v) volatility of metals markets; (vi) competitive risks; (vii) regulatory risks; (viii) environmental risks; (ix) risks regarding uninsured losses; (x) risks relating to limited operating history and lack of operating cash flow; (xi) the Resulting Issuer’s dependence on management and key personnel; and other factors beyond the control of the Issuer or the Resulting Issuer.

For a detailed description of certain risk factors relating to the ownership of Resulting Issuer Shares, which should be carefully considered before making an investment decision, see “*Risk Factors*”

## RISK FACTORS

**The Resulting Issuer's securities should be considered highly speculative due to the nature of the Resulting Issuer's business. An investor should consider carefully the risk factors set out below. In addition, investors should carefully review and consider all other information contained in this Filing Statement (including all Schedules hereto) before making an investment decision. An investment in securities of the Resulting Issuer should only be made by persons who can afford a significant or total loss of their investment.**

The following are certain risk factors relating to the business of the Resulting Issuer assuming completion of the Transaction, which factors investors should carefully consider when making an investment decision concerning the Issuer or the Resulting Issuer. The risk and uncertainties below are not the only risks and uncertainties facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also impair the business, operations and future prospects of the Resulting Issuer and cause the price of the Shares to decline. If any of the following risks actually occur, the business of the Resulting Issuer may be harmed and its financial condition and results of operations may suffer insignificantly. As a result of these factors, the Shares are only suitable to investors who are willing to rely solely on management of the Issuer and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in Shares. In addition to the risks described elsewhere and the other information in this Filing Statement, prospective investors should carefully consider each of, and the cumulative effect of all of, the following risk factors.

### Transaction and General Risk Factors

#### *Completion of the Transaction*

There are risks associated with the Transaction including (i) market reaction to the Transaction and the future trading prices of the Shares cannot be predicted; (ii) uncertainty as to whether the Transaction will have a positive impact on the entities involved in the transactions; and (iii) there is no assurance that required approvals will be received or conditions precedent satisfied.

The Issuer is proposing to complete the Transaction to strengthen its market position and to create the opportunity to realize certain benefits including, among other things, those set forth in this Filing Statement. Achieving the benefits of the Transaction depends in part on the ability of the Resulting Issuer to effectively capitalize on its assets, to develop the Properties and seek additional acquisition targets. A variety of factors, including those risk factors set forth in this Filing Statement, may adversely affect the ability to achieve the anticipated benefits of the Transaction.

The completion of the Transaction is subject to several conditions some of which are outside the control of the Issuer. See "*Information Concerning the Transaction—Purchase Agreement – Conditions to the Transaction*". In the event that any of those conditions are not satisfied or waived, the Transaction may not be completed. There can be no certainty, nor can the Issuer provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Transaction is not completed, the market price of the Shares may decline to the extent that the market price reflects a market assumption that the Transaction will be completed.

Additionally, each of the Issuer and the Vendor have the right to terminate the Purchase Agreement in certain circumstances. Accordingly, there is no certainty that the Purchase Agreement will not be terminated by either the Issuer or the Vendor before the completion of the Transaction.

Finally, there can be no assurance that the Transaction will be accepted by the Exchange. There can be no assurance that all the necessary approvals will be obtained. If the Transaction is not accepted by the Exchange and the Transaction is not completed, the Issuer will continue to search for other opportunities; however, it will have incurred significant costs associated with the Transaction.

### ***Risks Related to the Option and Mineral Rights Option***

The grant to the Issuer of the Mineral Rights Option by the Vendor or the Option by the Vendor Members is conditional upon the completion of the Transaction. Should the Transaction not complete, the Issuer will not be granted either of the Mineral Rights Option or the Option.

Even if the Transaction is completed, the Mineral Rights Option and the Option are granted to the Issuer, there can be no assurances that the Issuer will exercise the Mineral Rights Option or the Option.

### ***Additional Funding Requirements***

The exploration and development of the Properties will require substantial additional capital. When such additional capital is required, the Resulting Issuer will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Resulting Issuer and might involve substantial dilution to existing shareholders. The Resulting Issuer may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Resulting Issuer may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs.

The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the precious metals markets in particular), the Resulting Issuer's status as a new enterprise with a limited history, the price of commodities and/or the loss of key management personnel. Further, if the price of gold, silver and other precious metals on the commodities markets decreases, then potential revenues from the Properties will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration, development or production at the Properties. The Resulting Issuer will require additional financing to fund its operations until positive cash flow is achieved. There can be no assurance that the Resulting Issuer will generate cash flow from operations necessary to support the continuing operations of the Resulting Issuer. See "*Risk Factors – Negative Cash Flow from Operations*".

### ***Conflicts of Interest***

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mining exploration companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the proposed management of the Resulting Issuer's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Resulting Issuer and a proposed director or officer of the Resulting Issuer except as otherwise disclosed herein.

### ***Market for Securities and Volatility of Share Price***

There can be no assurance that an active trading market in the Resulting Issuer's securities will be established or sustained. The market price for the Resulting Issuer's securities could be subject to wide fluctuations. Market price fluctuations in the Shares may be due to the Resulting Issuer's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Resulting Issuer or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Shares.

Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the trading price of the Shares may be materially adversely affected.

### ***Adverse General Economic Conditions***

Events in the global financial markets in the past several years, including in relation to the more recent COVID-19 pandemic, have had a profound and lasting impact on the global economy. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Resulting Issuer's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and overall liquidity, volatile energy, commodity and consumables prices and currency exchange rates could impact costs and the devaluation and volatility of global stock markets could impact the valuation of the Resulting Issuer's equity and other securities. These factors could have a material adverse effect on the Resulting Issuer's financial condition and results of operations.

### ***COVID-19***

The outbreak of the novel coronavirus (COVID-19) may cause disruptions to the Resulting Issuer's business and operational plans. These disruptions may include disruptions resulting from (i) shortages of employees, (ii) unavailability of contractors and subcontractors, (iii) interruption of supplies from third parties upon which the Resulting Issuer will rely, (iv) restrictions that governments impose to address the COVID-19 outbreak, including restrictions on travel that could prevent representatives of the Resulting Issuer from reaching the Properties, and (v) restrictions that the Resulting Issuer and its contractors and subcontractors impose to ensure the safety of employees and others. Further, it is presently not possible to predict the extent or durations of these disruptions. These disruptions may have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations. Such adverse effect could be rapid and unexpected. These disruptions may severely impact the Resulting Issuer's ability to carry out its business plans for 2020.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, physical distancing, government response actions, business closures and business disruptions, can all have an impact on the Resulting Issuer's operations and access to capital. There can be no assurance that the Resulting Issuer will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic including delays in commencing exploration operations, reduced resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available.

### ***Risk Factors Related to Dilution***

The Resulting Issuer may issue additional securities in the future, which may dilute a shareholder's holdings in the Issuer. The Issuer's articles permit the issuance of an unlimited number of Shares. The Issuer's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Issuer. The directors of the Issuer have discretion to determine the price and the terms of further issuances. Moreover, additional Shares will be issued by the Issuer on the exercise of options under the Stock Option Plan and upon the exercise of outstanding warrants.

### ***Ability of Company to Continue as a Going Concern***

The Resulting Issuer will be in the exploration stage and is currently seeking additional capital to develop its exploration properties. The Resulting Issuer's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Resulting Issuer; however, there can be no certainty that such funds will be available at terms acceptable to the Resulting Issuer. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Resulting Issuer's ability to continue as a going concern.

### ***Negative Cash Flow from Operations***

The Resulting Issuer expects to have negative cash flows. The Issuer currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Resulting Issuer's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations

### ***Dividends***

To date, the Issuer has not paid any dividends on their outstanding shares. It is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. Any decision to pay dividends on the shares of the Resulting Issuer will be made by its board of directors on the basis of the Resulting Issuer's earnings, financial requirements and other conditions.

### ***Risk associated with the Resulting Issuer's Business***

#### ***Mineral exploration is speculative and uncertain and involves a high degree of risk***

The exploration for, and development of, mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Resulting Issuer may be affected by numerous factors that are beyond the control of the Resulting Issuer and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Resulting Issuer not receiving an adequate return on investment capital.

All of the properties in which the Resulting Issuer will hold interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Resulting Issuer expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Resulting Issuer towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Resulting Issuer's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to

hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer.

The long-term commercial success of the Resulting Issuer depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Resulting Issuer will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Resulting Issuer may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

### ***Substantive Dependence on the Properties***

The Resulting Issuer will be an exploration stage company and as such does not anticipate receiving revenue from its mineral properties for some time. The Resulting Issuer will be initially focused on the exploration and development of the Properties, which do not have any identified mineral resources or reserves. Any adverse developments affecting the Properties could have a material adverse effect upon the Resulting Issuer and would materially and adversely affect any profitability, financial performance and results of operations of the Resulting Issuer.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Resulting Issuer's mineral exploration and development programs at the Properties will result in the definition of bodies of commercial mineralization. There is also no assurance that even if commercial quantities of mineralization are discovered that the Properties will be brought into commercial production. Failure to do so will have a material adverse impact on the Resulting Issuer's operations and potential future profitability. The discovery of bodies of commercial mineralization is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade and proximity to infrastructure), metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of the above factors are beyond the Resulting Issuer's control.

### ***Title to Mineral Properties***

While the Issuer has performed its own due diligence with respect to the validity of the mineral claims comprising the Properties, this should not be construed as a guarantee of title. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of the applicable claims that are included in the Properties or that such claims will not be challenged or impugned by third parties.

The Properties may be subject to prior unregistered agreements of transfer or indigenous land claims, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title of the Properties and any other mining or property interests derived from or in replacement or conversion of or in connection with the claims comprising the Properties or the size of the area to which such claims and interests pertain.

Additionally, a portion of the Properties consists of unregistered mineral claims identified by the Vendor but not yet formally registered to or in some cases submitted by the Vendor. There is a material risk that such claims will never be granted to the Resulting Issuer. Should those claims not be registered in due course to the Resulting Issuer, it could have material impact upon the exploration activities of the Resulting Issuer and the merit of the Properties.

### ***Community Groups***

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs") who oppose resource development can be vocal critics of the mining industry. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Resulting Issuer

or its relationships with the communities in which it operates, which could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations, cash flows or prospects.

### ***Infrastructure***

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Properties. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Properties will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the Resulting Issuer's operations.

### ***Mineral Resources and Reserves***

There is no NI 43-101 compliant mineral resource or mineral reserve on the Properties. There can be no assurances that an NI 43-101 compliant resource or reserve will ever be estimated on the Properties.

Because the Resulting Issuer has not defined or delineated any proven or probable reserves on any of its properties, any future mineralization estimates for the Resulting Issuer's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

### ***Fluctuating Price of Metals***

Future production, if any, from the Resulting Issuer's mineral properties will be dependent upon the prices of gold and other precious metals being adequate to make these properties economic. Materially adverse fluctuations in the price of such minerals and metals may adversely affect the Resulting Issuer's financial performance and results of operations. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Issuer, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant mineral producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in the value of the commodity held, and/or revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from streams, royalties or interests in mineral properties applicable to the relevant commodities. There is no assurance that, even if commercial quantities of precious metals are produced, a profitable market will exist for them.

### ***Competitive Risks***

The mineral resource industry is competitive in all of its phases. The Resulting Issuer will compete with other companies, some of which have greater financial and other resources than the Resulting Issuer and, as a result, may be in a better position to compete for future business opportunities. The Resulting Issuer competes with other exploration and mining companies for the acquisition of claims and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Resulting Issuer can compete effectively with these companies.

### ***Government and Regulatory Risks***

The Resulting Issuer's subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail the Resulting Issuer's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in expenses or require abandonment or delays in activities.

Failure to comply with any applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### ***Environmental Risks***

All phases of the Resulting Issuer's operations with respect to the Properties will be subject to environmental regulation in the United States. Changes in environmental regulation, if any, may adversely impact the Resulting Issuer's operations and future potential profitability. In addition, environmental hazards may exist on the Properties which are currently unknown. The Resulting Issuer may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Resulting Issuer's operations and future potential profitability.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Resulting Issuer may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Resulting Issuer's financial resources.

### ***License and Permits***

In the ordinary course of business, the Resulting Issuer will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at the Properties. The Resulting Issuer may not be able to obtain or renew licenses or permits that are necessary to its operations. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Resulting Issuer's operations and profitability.

### ***Uninsured risks***

The business of the Resulting Issuer will be subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather

conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Resulting Issuer or others, delays in mining, monetary losses and possible legal liability.

Although the Resulting Issuer expects to obtain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Resulting Issuer may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Resulting Issuer or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### ***Limited Operating History and Lack of Profits***

The Resulting Issuer will be an early-stage exploration company with a limited operating history. The likelihood of success of the Resulting Issuer's business plan must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with developing and expanding early-stage businesses and the regulatory and competitive environment in which the Resulting Issuer operates.

The Resulting Issuer will have no history of earnings and has not commenced commercial production on any of its properties. The Resulting Issuer will experience losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Resulting Issuer will be profitable in the future. The Resulting Issuer's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Resulting Issuer's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond the Resulting Issuer's control. The Resulting Issuer expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Resulting Issuer's properties will require the commitment of substantial resources. There can be no assurance that the Resulting Issuer will generate any revenues or achieve profitability.

### ***Reliance on Personnel***

If the Resulting Issuer is not successful in attracting and retaining highly qualified personnel, the Resulting Issuer may not be able to successfully implement its business strategy.

The Resulting Issuer will dependent on a number of key management personnel, including the services of certain key employees and the Consultant. The Resulting Issuer's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Resulting Issuer's ability to manage and expand the business. In addition, the Resulting Issuer's ability to keep essential operating staff in place may also be challenged as a result of potential COVID-19 outbreaks or quarantines.

## **INFORMATION CONCERNING THE ISSUER**

### **Corporate Structure**

The Issuer was incorporated under the BCBCA on June 25, 2018 as "Cortus Metals Inc." The head office of the Issuer is located at and the registered office of the Issuer is located at 10545 - 45 Avenue NW, 250 Southridge, Suite 300,

Edmonton, Alberta, T6H 4M9. The Issuer is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and the Shares are listed for trading on the Exchange under trading symbol "CRTS.P". The Issuer has no subsidiaries.

### **General Development of the Business**

The Issuer is a CPC pursuant to the CPC Policy. The sole business of the Issuer since its incorporation has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses, and once identified and evaluated, to negotiate an acquisition or participation so as to complete a Qualifying Transaction. The Issuer does not have any business operations or assets other than cash, and currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Purchase Agreement. Upon completion of the Transaction, the Shares will continue to be listed on the Exchange.

The Issuer intends that the Transaction shall constitute the Issuer's Qualifying Transaction. Upon the Completion of the Qualifying Transaction, the Issuer will cease being a CPC and will become a Tier 2 mining issuer on the Exchange.

The Issuer's only income, since incorporation, has been interest income and the completion of its initial public offering on November 5, 2019 of 2,200,000 Shares at a price of \$0.10 per Share generating gross proceeds of \$220,000.00, and its expenses have been the costs of funding the Qualifying Transaction and administrative costs.

On November 18, 2019, the Issuer entered into the Letter of Intent with the Target. On July 14, 2020, the Issuer entered into the Purchase Agreement with the Vendor which contemplates the completion of the Transaction. The Purchase Agreement together with the Option Agreement, which will be executed on the Closing Date, will supersede and replace the Letter Agreement in its entirety. See "*Information Concerning the Transaction.*"

### **Financing**

The Completion of the Transaction is subject to the completion of the Financing. The Financing will be completed concurrently with the Transaction and will consist of the issuance of a minimum of 8,333,333 Units and a maximum of 16,666,667 Units at a price of \$0.15 per Unit for aggregate gross proceeds of a minimum of \$1,250,000 to a maximum of \$2,500,000.

Each Unit will comprise one Resulting Issuer Share and one Placement Warrant. Each Placement Warrant entitles the holder to acquire a Placement Warrant Share at a price of \$0.20 per Placement Warrant Share, subject to accelerated expiry provisions such that if the closing price of the Resulting Issuer Shares on the Exchange is equal to or greater than \$0.25 for a period of five consecutive trading days, the Issuer may, provide notice of the reduction of the remaining exercise period applicable to the Placement Warrants to a period of 30 days.

Finder's fees will be payable on portions of the Financing, such that certain Finders will receive a payment of 6% of the gross proceeds placed by such Finder under the Financing payable in cash. Each Finder will also be granted Finder's Warrants entitling it to purchase Finder's Warrant Shares in the amount of 6% of the total number of Units placed by such Finder in the Financing. The Finder's Warrants will be exercisable at \$0.20 per Finders Warrant Share for a period of 24 months following completion of the Financing, subject to the accelerated exercise provisions applicable to the Placement Warrants. In the event the Minimum Financing is completed a maximum of 500,000 Finder's Warrants will be issued to Finders and in the event the Maximum Financing is completed a maximum of 1,000,000 Finder's Warrants will be issued.

The Resulting Issuer intends to use the proceeds from the Financing to carry out its business objectives and for general and working capital requirements during the twelve-month period following the issuance of the Final Exchange Bulletin. See "*Information Concerning the Resulting Issuer - Available Funds and Principal Purpose*" and "*Information Concerning the Resulting Issuer – Stated Business Objectives*".

## Selected Consolidated Financial Information and Management’s Discussion and Analysis

### Overall Performance

Since incorporation on June 25, 2018, the Issuer has incurred costs in carrying out its initial public offering, in seeking, evaluating and negotiating potential Qualifying Transactions and in meeting the disclosure obligations required for a reporting issuer listed for trading on the Exchange.

The Issuer is classified as a CPC. The Issuer was listed on the Exchange on November 5, 2019 and is required to complete a Qualifying Transaction pursuant to the policies of the Exchange within twenty-four months of its listing on the Exchange.

### Expenses from Incorporation (June 25, 2018) to March 31, 2020

The following table sets forth selected financial information of the Issuer since incorporation. Such information is derived from the Issuer’s financial statements and should be read in conjunction with such financial statements. See Schedule “A” – Audited Financial Statements of the Issuer for the year ended December 31, 2019 and the period from incorporation on June 25, 2018 to December 31, 2018 and Schedule “C” for the interim financial statements for the three months ended March 31, 2020.

Expenses	For period from June 25, 2018 to December 31, 2018	For the year ended December 31, 2019	For the three months ended March 31, 2020	For the period from incorporation (June 25, 2018) to March 31, 2020
	\$	\$	\$	\$
Professional fees	483	27,703	1,600	29,786
Regulatory and Filing Fees	-	23,330	-	23,330
Office and administration	330	1,471	157	1,958
Initial listing expenses	-	25,592	-	25,592
Share-based compensation	-	26,400	-	26,400
<b>Total</b>	<b>813</b>	<b>104,496</b>	<b>1,757</b>	<b>107,066</b>

From incorporation on June 25, 2018 to December 31, 2019, the Issuer incurred \$nil in deferred acquisition costs in association with the Transaction and Financing. From January 1, 2020 to March 31, 2020, the Issuer incurred \$nil in deferred costs in association with the Transaction and Financing. Since the completion of the quarter ended March 31, 2020, management of the Issuer estimates that the Issuer has incurred additional costs of approximately \$50,000. The Issuer has not pursued any failed Qualifying Transactions.

As of July 31, 2020, the Issuer had working capital of approximately \$25,000. The Issuer estimates that its additional cash expenditures in pursuing the Transaction, including legal fees, regulatory filing fees and audit related fees will be approximately \$50,000. The Issuer expects that if the Transaction is not completed, it will have sufficient cash remaining to pursue an additional qualifying transaction.

### Management’s Discussion and Analysis

The Issuer’s MD&A for and the year ended December 31, 2018, 9is incorporated by reference and attached to this Filing Statement as Schedule “B”, and should be read in conjunction with the Issuer’s audited financial statements for the year ended December 31, 2019 and for the period from incorporation to December 31, 2018 and notes thereto, incorporated by reference and attached to this Filing Statement as Schedule “A”.

The Issuer’s MD&A for the three months ended March 31, 2020, is incorporated by reference and attached to this Filing Statement as Schedule “D”, and should be read in conjunction with the Issuer’s unaudited interim financial

statements for the three months ended March 31, 2020 and notes thereto, incorporated by reference and attached to this Filing Statement as Schedule “C”.

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Transaction and the closing of the Financing as at March 31, 2020 is attached to this Filing Statement as Schedule “E”.

### **Description of the Securities**

The authorized capital of the Issuer consists of an unlimited number of Shares without par value. As at the date of this Filing Statement, there are 4,800,000 Shares issued and outstanding.

The holders of the Shares are entitled to vote at all meetings of the Shareholders, to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer. The Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Shares to contribute additional capital and no restrictions on the issuance of additional securities by the Issuer. There are no restrictions on the repurchase or redemption of Shares by the Issuer except to the extent that any such repurchase or redemption would render the Issuer insolvent.

The Issuer has announced its intention to complete the Split, subject to receipt of the approval of the Exchange, immediately prior to the completion of the Transaction and Financing, and the completion of the Split is a condition to the completion of the Financing.

### **Stock Option Plan**

The Board may, in accordance with its Stock Option Plan, from time to time, in its discretion, and in accordance with the rules and regulations of the Exchange, grant to directors, officers, employees or consultants of the Issuer non-transferable- Options to purchase Shares for a period of up to ten years from the date of the grant.

The purpose of the Stock Option Plan is to advance the interests of the Issuer by encouraging the directors, officers, employees and consultants of the Issuer to acquire shares in the Issuer, thereby increasing their proprietary interest in the Issuer, encouraging them to remain associated with the Issuer and furnishing them with additional incentive in their efforts on behalf of the Issuer in the conduct of their affairs.

The Stock Option Plan permits the Issuer to issue Options to acquire up to a maximum of 460,000 Shares, while the Issuer is a CPC and up to 10% of the issued and outstanding Shares at the time of grant once the Issuer is no longer a CPC. The aggregate number of Shares to be delivered upon the exercise of all Options granted under the Stock Option Plan will not exceed the maximum number of Shares permitted under the rules of any stock exchange on which the Shares are then listed or the rules of any other regulatory body having jurisdiction over the Issuer. If any Option granted under the Stock Option Plan expires or terminates for any reason without having been exercised in full, the unpurchased shares subject thereto will again be available for the purpose of the Stock Option Plan. Each Option granted under the Stock Option Plan is non-assignable and non-transferable. The Stock Option Plan requires annual shareholder approval.

The number of Shares subject to an Option issued to a participant, other than a Consultant (as defined in the policies of the Exchange) and an Employee (as defined in the policies of the Exchange) conducting Investor Relations Activities (as defined in the policies of the Exchange) will be determined by a committee authorized under the Stock Option Plan. No participant, where the Issuer is listed on any stock exchange, will be granted an Option which exceeds the maximum number of shares permitted under any stock exchange on which the Shares are then listed or other regulatory body having jurisdiction, which maximum number of shares is currently an amount equal to 5% of the then-issued and outstanding Shares (on a non-diluted basis) in any 12-month period.

The maximum number of Shares subject to an Option to a participant who is a Consultant is currently limited to an amount equal to 2% of the then-issued and outstanding Shares (on a non-diluted basis) in any 12-month period. The number of Options granted to all persons in aggregate who are employed to perform Investor Relations Activities is

currently limited to an amount equal to 2% of the then-issued and outstanding Shares (on a non-diluted basis) in any 12-month period. Options granted to Consultants performing Investor Relations Activities must vest in stages over a 12-month period with no more than 25% of the Options vesting in any three-month period, but the Stock Option Plan contains no other specified vesting requirements but permits the Board to specify a vesting schedule in its discretion.

The exercise price of the Shares covered by each Option will be determined by the Board or a committee authorized and directed thereby. The exercise price will not be less than the price permitted by any stock exchange on which the Shares are then listed or other regulatory body having jurisdiction. Currently, the Exchange requires that the exercise price of the Options must be equal to or greater than the Discounted Market Price (as defined in the policies of the Exchange). The exercise price of Options is solely payable in cash. Options granted under the Stock Option Plan shall not be subject to any Resale Restrictions imposed by the Exchange unless granted at the maximum discount permitted by the Exchange.

If a participant ceases to be a director, officer, employee or consultant, as the case may be, of the Issuer for any reason (other than death), s/he may, but only within the 90 days following the cessation of such director, officer, employee or consultant's services, exercise his Option to the extent that he was entitled to exercise it at the date of such cessation, provided that, in the case of a participant who is engaged in Investor Relations Activities on behalf of the Issuer, this 90-day period will be shortened to 30 days. In the case of an optionee's death, the optionee's heirs or administrators can exercise any portion of the Options for up to one year from the optionee's death. Nothing contained in the Stock Option Plan, nor in any Option granted pursuant to the Stock Option Plan, will confer upon any participant any right with respect to continuance as a director, officer, employee or consultant of the Issuer or of any Affiliate.

The Issuer is required to obtain disinterested shareholder approval of any decrease in the exercise price of Options previously granted to Insiders. Additionally, the Issuer must obtain disinterested shareholder approval of Options if the Stock Option Plan, together with all of the Issuer's previously established and outstanding Stock Option Plans or grants, could result at any time in the grant to Insiders, within a 12-month period, of a number of Options exceeding 10% of the issued shares of the Issuer. In order to obtain disinterested shareholder approval, the proposed grant or Stock Option Plan must be approved by a majority of the votes cast by all shareholders of the Issuer at a shareholders' meeting, excluding the votes attached to shares that are beneficially owned by Insiders and Associates of Insiders.

Any Shares acquired pursuant to the exercise of Options prior to the Completion of the Qualifying Transaction until the issuance of the Final Exchange Bulletin must be deposited in escrow.

The Issuer has granted Options to persons eligible to receive Options under the Stock Option Plan. As of the date of this Filing Statement, the Issuer has 440,000 Options outstanding, entitling the holders thereof to acquire a Share at a price of \$0.10 per Share or Resulting Issuer Share for a period of five years expiring November 5, 2024, although in accordance with their terms the Options will terminate on the later of 12 months after completion of the Qualifying Transaction and 90 days after the holder ceasing to be engaged by the Issuer:

<b>Name</b>	<b>Securities Under Options Granted (#)<sup>(1)</sup></b>	<b>Exercise Price (\$/Share or Resulting Issuer Share)</b>	<b>Expiry Date<sup>(2)</sup></b>
Chris Beltgens	88,000	0.10	November 5, 2024
Sean Mager	88,000	0.10	November 5, 2024
Jeremy Yaseniuk	88,000	0.10	November 5, 2024
678119 AB Ltd. <sup>(3)</sup>	88,000	0.10	November 5, 2024
James Greig	88,000	0.10	November 5, 2024
<b>Total</b>	<b>440,000</b>		

Notes:

- (1) If any holder exercises Options prior to the Closing Date, the Shares issuable upon such exercise will be deposited into escrow in accordance with the terms of the CPC Escrow Agreement.

- (2) In accordance with their terms the Options will terminate on the later of 12 months after completion of the Qualifying Transaction and 90 days after the holder ceasing to be engaged by the Issuer.
- (3) A private entity of which Mr. John Williamson, a director, is the principal shareholder.

### Prior Sales

Since the date of incorporation, 4,800,000 Shares have been issued as follows:

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
June 25, 2018	1 <sup>(1)</sup>	\$1.00	\$1.00	Cash
July 31, 2018	2,200,000 <sup>(2)</sup>	\$0.05	\$110,000.00	Cash
March 29, 2019	400,000 <sup>(2)</sup>	\$0.05	\$20,000.00	Cash
November 5, 2019	2,200,000 <sup>(3)</sup>	\$0.10	\$220,000.00	Cash
<b>Total</b>	<b>4,800,000</b>		<b>\$350,000.00</b>	

#### Notes:

- (1) Initial incorporator share which was repurchased by the Issuer and cancelled.
- (2) All of these Shares were placed in escrow pursuant to the CPC Escrow Agreement in accordance with the Escrow Policy. See “*Information Concerning the Resulting Issuer – Escrowed Securities*”.
- (3) These Shares were issued in connection with the Issuer’s initial public offering.

### IPO Agent’s Warrants

In consideration of the services provided by the IPO Agent in connection with the initial public offering of the Issuer, which was completed on November 5, 2019, the Issuer granted to the IPO Agent 110,000 IPO Agent’s Warrants exercisable to purchase an aggregate of 110,000 Shares at an exercise price of \$0.10 per Share until November 5, 2021. As of the date of this Filing Statement, all of the IPO Agent’s Warrants remain outstanding.

### Stock Exchange Price

The Shares have been listed and posted for trading on the Exchange since November 5, 2019. The following table sets out the high and low trading of the Shares for the periods indicated as reported by the Exchange:

Month	High \$	Low \$	Close \$	Volume
November 6 -November 18, 2019 <sup>(1)(2)</sup>	\$0.10	\$0.10	\$0.10	Nil
November 2019 to Present <sup>(3)</sup>	Halted trading			

#### Notes:

- (1) Trading of the Shares on the Exchange commenced on November 6, 2019.
- (2) The Shares did not trade in the period from the commencement of trading on November 6, 2019 and the halting of the Shares pending the announcement of the Qualifying Transaction. The prices insert above are based on the bid/ask.
- (3) The Shares were halted on November 19, 2019 pending the announcement of the Qualifying Transaction. .

### Arm’s Length Transaction

The Transaction is not a Non-Arm’s Length Qualifying Transaction.

## **Legal Proceedings**

There are no legal proceedings to which the Issuer is a party, or of which any of its property is the subject matter, and no such proceedings are known to the Issuer to be contemplated.

## **Auditor, Transfer Agent and Registrar**

The auditor of the Issuer is DeVisser Gray LLP, Chartered Professional Accountants, 401-905 West Pender Street, Vancouver, British Columbia, V6C 1L6.

The registrar and transfer agent of the Shares is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

## **Material Contracts**

The following are the material contracts of the Issuer that are outstanding as of the date of this Filing Statement:

- (a) CPC Escrow Agreement dated September 28, 2018. See “*Information Concerning the Resulting Issuer – Escrow Securities*” for further particulars;
- (b) Purchase Agreement dated May 28, 2020, between the Issuer and the Vendor. See “*Information Concerning the Transaction- Purchase Agreement*” for further particulars; and
- (c) Option Agreement dated May 28, 2020, 2020 between the Issuer, the Vendor and the Vendor Members.

All of the contracts specified above are filed on SEDAR at [www.sedar.com](http://www.sedar.com) and may be inspected without charge at the Issuer’s registered and records office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 during normal business hours until the Closing Date and for a period of 30 days thereafter.

## INFORMATION CONCERNING THE TRANSACTION

### **The Transaction**

The parties to the Transaction are the Issuer and the Vendor. The Transaction is an arm's length transaction as the Vendor has no relationship to the Issuer or its Affiliates and Associates and the Issuer has no relationship to the Vendor or its Affiliates and Associates.

Pursuant to the provisions of the Purchase Agreement, the Vendor has agreed to sell to the Issuer and the Issuer has agreed to purchase the Properties. The Vendor has also agreed to grant to the Issuer the Mineral Rights Option during the Option Period.

### **Purchase Agreement**

The acquisition by the Issuer of the Properties will be effected in accordance with the Purchase Agreement, a copy of which has been filed by the Issuer on SEDAR at [www.sedar.com](http://www.sedar.com) as a material document. The Purchase Agreement contains certain representations and warranties made by each of (i) the Vendor in respect of the Properties and (ii) the Issuer in respect of its capital structure, financial position and operations. In addition, each of the Vendor and the Issuer have provided covenants which govern their conduct prior to the completion of the Transaction. The Purchase Agreement contains a number of conditions precedent to the obligations of the Parties thereunder. Unless all of such conditions are satisfied or waived by the Party or Parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Transaction will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

### ***Terms of the Transaction***

As consideration for the Properties, the Issuer has agreed to:

- (a) make aggregate cash payments of US\$274,400 to the Vendor as follows:
  - (i) US\$19,400 (CDN\$25,000) as non-refundable deposit payable on the date of execution of the Letter Agreement (paid)
  - (ii) US\$75,000 advanced to the Vendor as a secured loan pursuant to the Loan Agreement (paid), which loan shall be forgiven by the Issuer upon the Closing Date; and
  - (iii) US\$180,000 on the Closing Date (less any amounts advanced over and above the initial US\$75,000 under the Loan Agreement, of which a further US\$30,000 was advanced on April 20, 2020).
- (b) issue the Payment Shares to the Vendor on the Closing Date; and
- (c) grant to the Vendor the Properties Royalty in respect of the Properties on the Closing Date.

The cash payments to be made by the Issuer to the Vendor are to be utilized solely in accordance with a budget prepared by the Issuer and provided to the Vendor and shall include the repayment of certain loans owed by the Vendor.

The Issuer has the right to purchase one-half of the Properties Royalty (1%), at any time prior to 180 days following the earlier of (i) a production decision being made or (ii) the commencement of commercial production, on the Grayson Property or the Powerline Property, as applicable, (the "**Buyback Deadline**"), for payment of US\$1,500,000 per Properties Royalty (the "**Royalty Purchase Price**"). The Royalty Purchase Price may be paid, at the option of the Issuer, through the issuance of Resulting Issuer Shares for a period of up to 60 days following the Buyback Deadline, or in cash up to 180 days following the Buyback Deadline. Each Resulting Issuer Share issued pursuant to the Royalty

Purchase Price shall have a deemed value equivalent to the 20-day volume weighted average price of the Resulting Issuer Shares for the period which ends three business days prior to the date the Issuer provides such payment. .

### ***Representations and Warranties***

The Purchase Agreement contains representations and warranties made by each of the Vendor and the Issuer. The assertions embodied in those representations and warranties are solely for the purposes of the Purchase Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality or are qualified by a reference to the concept of an “adverse event” or “adverse change”. Therefore, the representations and warranties in the Purchase Agreement should not be relied on as statements of factual information.

The Purchase Agreement contains representations and warranties of the Issuer relating to certain matters including, among other things: incorporation; absence of conflict with or violation of constating documents, agreements or applicable laws; authority to execute and deliver the Purchase Agreement and perform its obligations under the Purchase Agreement; due authorization and enforceability of the Purchase Agreement; composition of share capital; options or other rights for the purchase of securities; financial condition, records and accounts; its public disclosure record; among other things.

The Purchase Agreement contains representations and warranties of the Vendor relating to the Properties and including among other things, absence of conflict with or violation of constating documents (as applicable), agreements or applicable laws; authority to execute and deliver the Purchase Agreement and perform its obligations under the Purchase Agreement, including the sale of the Properties; due authorization and enforceability of the Purchase Agreement; title to the Properties and interests therein; environmental matters and other regulatory matters, among other things.

The representations and warranties of the Parties in the Purchase Agreement will survive the Closing and a Party may make a claim for a breach thereof for a period of two years following the Closing, subject to the provisions of the Purchase Agreement.

### ***Covenants***

Each of the Vendor and the Issuer have each given to the other usual and customary covenants in respect of the Transaction, including to take all necessary actions in order to enable it to participate in and effect the Transaction and to use it reasonable efforts to obtain all necessary regulatory approvals for the Transaction.

The Vendor has also covenanted and agreed that until the Closing Date, the Vendor will not deal or attempt to deal with any right, title and interest in and to the Properties in a way that might affect the right of the Issuer to become vested in the Properties.

The Parties have agreed to each bear their own expenses in association with the Transaction.

### ***Conditions to the Transaction***

The respective obligations of the Parties to complete the transactions contemplated by the Purchase Agreement are subject to a number of conditions which must be satisfied or waived in order for the Transaction to be completed. There is no assurance that these conditions will be satisfied or waived on a timely basis or at all.

The obligation of the Issuer to complete the transactions contemplated by the Purchase Agreement is subject to the fulfillment or waiver of certain additional conditions, as set forth in the Purchase Agreement, at or before the Closing Date, including, but not limited to:

- (a) the Issuer shall have completed the Financing;
- (b) the Issuer shall have entered into the Option Agreement and the Consulting Agreement;

- (c) the Vendor shall have performed each covenant or obligation to be performed by it in the Purchase Agreement and the representations and warranties of the Vendor in the Purchase Agreement shall be true as of the Closing Date with the same effect as though made at and as of such time;
- (d) on the Closing Date, there will be no pending or threatened any action or claim by any governmental authority or any other person to enjoin, restrict or prohibit the Vendor's sale of the Properties or otherwise result in any loss or impairment of any interest in the Properties;
- (e) there being no prohibition at law against the consummation of the Transaction;
- (f) on the Closing Date, there will be no cease trade order in effect that ceases or suspends the trading of the securities of the Issuer or otherwise prohibits the sale and issuance of the Payment Shares; and
- (g) receipt of all necessary regulatory approvals, orders or consents necessary for the completion of the Transaction, including the approval of the Exchange.

The obligation of the Vendor to complete the transactions contemplated by the Purchase Agreement is subject to the fulfillment or waiver of certain additional conditions, as set forth in the Purchase Agreement, at or before the Closing Date, including, but not limited to:

- (a) all necessary regulatory requirements, consents, orders and approvals necessary for the completion of the Transaction have been obtained or received
- (b) the Issuer shall have performed each covenant or obligation to be performed by it in the Purchase Agreement and the representations and warranties of the Issuer in the Purchase Agreement shall be true as of the Closing Date with the same effect as though made at and as of such time;
- (c) on the Closing Date, there will be no pending or threatened any action or claim by any governmental authority or any other person to enjoin, restrict or prohibit the Vendor's sale of the Properties or otherwise result in any loss or impairment of any interest in the Properties;
- (d) there being no prohibition at law against the consummation of the Transaction;
- (e) on the Closing Date, there will be no cease trade order in effect that ceases or suspends the trading of the securities of the Issuer or otherwise prohibits the sale and issuance of the Payment Shares; and
- (f) receipt of all necessary regulatory approvals, orders or consents necessary for the completion of the Transaction, including the approval of the Exchange.

***Termination of the Purchase Agreement***

The Purchase Agreement may be terminated (i) by mutual written agreement of the Parties; (ii) by either Party providing written notice to the other Party in the event that the Closing does not occur on or before August 15, 2020, provided that the right to exercise such termination right shall not be available to any Party where the failure to complete the Transaction has been caused by such Party's failure to fulfill any obligation; (iii) by either Party providing written notice to the other Party in the event any governmental entity have notified the Parties that it will not permit the Transaction to proceed; or (iv) by either Party providing written notice to the other Party in the event such that there has been a material misrepresentation, breach or non-performance by such other Party and the breaching Party fails to cure such misrepresentation, breach or non-performance within 14 days after receiving written notice of same from any other Party.

### ***Mineral Rights Option***

During the Option Period, the Vendor has granted to the Issuer, the Mineral Rights Option to acquire any of the Mineral Rights held directly or indirectly by the Vendor.

In order to exercise the Mineral Rights Option in respect of a group of Mineral Rights forming a property (as outlined in the Purchase Agreement), the Issuer will issue 200,000 Resulting Issuer Shares to the Vendor and will grant the Mineral Rights Royalty to the Vendor in relation to such Mineral Rights. The number of Resulting Issuer Shares issuable pursuant to exercise of the Mineral Rights Option will be adjusted for any subdivision or consolidation of the Resulting Issuer Shares (other than the Split) or any other adjustments as may be reasonably required in relation to a take-over bid, merger or other form of corporate re-organization of the Resulting Issuer

Similar to the Properties Royalty, the Issuer has the right to purchase one half of the Mineral Rights Royalty (1%) in respect of the Mineral Rights so acquired at any time prior to the Buyback Deadline on the applicable Mineral Rights, for payment of the Royalty Purchase Price. The Royalty Purchase Price may be paid, at the option of the Issuer, through the issuance of Resulting Issuer Shares for a period of up to 60 days following the Buyback Deadline, or in cash up to 180 days following the Buyback Deadline. Each Resulting Issuer Share issued pursuant to the Royalty Purchase Price shall have a deemed value equivalent to the 20-day volume weighted average price of the Resulting Issuer Shares for the period which ends three business days prior to the date the Issuer provides such payment.

In the event that the Issuer stakes any mineral rights located within the Area of Interest during the Option Period, the Mineral Rights Royalty will apply to such mineral rights.

Should the Vendor wish to abandon, relinquish, transfer, sell or otherwise dispose of any of the Mineral Rights (the "Sale Properties"), the Vendor shall provide written notice to the Issuer along with any applicable copy of any offer of purchase and sale received by it, and the Issuer shall have a period of 30 days thereafter to exercise the Mineral Rights Option pertaining to the Sale Properties. If the Issuer does not elect to exercise the Mineral Rights Option in respect of the Sale Properties, the Vendor shall be free to so abandon, relinquish, transfer, sell or otherwise dispose of the Sale Properties for period of 120 days thereafter.

Upon the Issuer's acquisition of four or more Mineral Rights, other than Sale Properties (as defined above), the Mineral Rights Option will be extinguished and the Issuer will have a period of 30 days to exercise the Option under the Option Agreement failing which the Option will also be extinguished.

The Vendor Members shall have the right to cause the Vendor to distribute all Resulting Issuer Shares held by Vendor, to the Vendor Members, pro rata, provided that any such distribution shall be completed in a manner that does not create liabilities for taxes in the Vendor or to the Issuer. If such distribution does not occur prior to or within 120 days of the Exercise Date (as that term is defined in the Option Agreement), such assets will remain in the Vendor.

### ***The Consulting Agreement***

As a condition to the Closing of the Transaction, the Issuer will enter into the Consulting Agreement with the Consultant. Pursuant to the Consulting Agreement, the Consultant will provide to the Issuer services, relating to among other things, project generation and identification within the Restrictive Area, sampling and analysis and other services commonly associated with the management of the Issuer's exploration activities. As consideration for the services, the Issuer will pay to the Consultant a fee of US\$12,000 per month.

The Consulting Agreement will have a two-year term commencing on the Closing Date. Either party may terminate the Consulting Agreement on at least 60 days' notice. In certain circumstances, the Issuer may, at its election, determine to provide payment to the Consultant following termination, in order to give effect to certain non-compete and other restrictive covenants,

During the term of the Consulting Agreement, in the event that the Consultant's services directly result in the acquisition by the Issuer or its subsidiaries of a mineral project in the Restrictive Area (other than the Mineral Rights),

the Issuer has agreed to issue to the Vendor an aggregate of 200,000 Resulting Issuer Shares as well as the grant of a 2% net smelter returns royalty on the same terms of the Mineral Rights Royalty.

Additionally, during the term of the Consulting Agreement, if the Issuer determine to abandon Mineral Rights within the Restrictive Area, the Issuer will first offer such Mineral Rights to the Consultant.

### **The Option Agreement**

As a condition to the Closing of the Transaction, the Issuer, the Vendor and the Vendor Members have entered into the Option Agreement, a copy which is available on SEDAR at [www.sedar.com](http://www.sedar.com) as a material document. The Option Agreement grants to the Issuer the Option during the Option Period.

The Option Agreement contains certain representations and warranties made by each of (i) the Vendor and (ii) the Issuer in respect of the assets (including the Mineral Rights in the case of the Vendor), liabilities, capital, financial position and operations of the Vendor and the Issuer, respectively, and (iii) by the Vendor Members in respect of the Membership Interest. In addition, the Vendor has provided covenants which govern the conduct of its operations and affairs during the Option Period, and the Vendors have provided covenants regarding their conduct in respect of the Membership Interest during the Option Period. The exercise of the Option is at the discretion of the Issuer, which may elect to not exercise the Option at all. There is no assurance that the Issuer will acquire the Membership Interest pursuant to the exercise of the Option, or at all.

### ***Terms of the Transaction***

Pursuant to the Option Agreement, the Vendor Members have collectively agreed to grant to the Issuer, the Option, effective as of Closing Date and during the Option Period. Should the Issuer elect to exercise the Option, it would hold 100% of the Membership Interest of the Vendor such that the Vendor would become a wholly owned subsidiary of the Issuer.

In order to exercise the Option, the Issuer shall issue to the Members, an aggregate of 6,000,000 Resulting Issuer Shares pro rata in accordance with their holdings of the Membership Interest, subject to adjustment as further described below.

The number of Resulting Issuer Shares issuable in order to exercise the Option will be reduced by the number of Resulting Issuer Shares issued to the Vendor pursuant to Purchase Agreement, including the Payment Shares and any Resulting Issuer Shares issued upon the exercise of the Mineral Rights Option, such that immediately upon the Closing Date, the number of Resulting Issuer Shares required to be issued to exercise the Option will be reduced to 5,000,000 Resulting Issuer Shares. For example, if the Issuer acquires two Mineral Rights projects pursuant to the Mineral Rights Option prior to exercising the Option, the number of Resulting Issuer Shares required to exercise the Option would be further reduced to 4,600,000.

As with the Mineral Rights Option, the number of Resulting Issuer Shares issuable pursuant to exercise of the Option will be adjusted for any subdivision or consolidation of the Resulting Issuer Shares (other than the Split) or any other adjustments as may be reasonably required in relation to a take-over bid, merger or other form of corporate re-organization of the Resulting Issuer.

Should the Issuer determine to exercise the Option, the Issuer will be deemed to have granted to the Vendor the Mineral Rights Royalty in respect of all remaining Mineral Rights, whether or not the Mineral Rights Option has been exercised in relation to those Mineral Rights. Further, the rights of the Vendor as relating to the Area of Interest shall be transferred to the Vendor Members pro rata for the remaining balance of the Option Period then applicable.

During the Option Period and for a period of 60 days following the exercise thereof, the Vendor will be permitted to distribute all Resulting Issuer Shares and all net smelter returns royalties issued or granted to it by the Issuer pursuant to the Purchase Agreement or deemed to be granted to it as per above, to the Vendor Members pro rata.

### ***Representations and Warranties***

The Option Agreement contains representations and warranties made by each of the Vendor, the Vendor Members and the Issuer. The assertions embodied in those representations and warranties are solely for the purposes of the Option Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality or are qualified by a reference to the concept of an “adverse event” or “adverse change”. Therefore, the representations and warranties in the Option Agreement should not be relied on as statements of factual information.

The Option Agreement contains representations and warranties of the Issuer and the Vendor relating to certain matters including, among other things: incorporation; absence of conflict with or violation of constating documents, agreements or applicable laws; authority to execute and deliver the Option Agreement and perform its obligations under the Option Agreement; due authorization and enforceability of the Option Agreement; and matters related to the Option, composition of share capital; options or other rights for the purchase of securities; and in the case of the Vendor, financial condition, records and accounts; the Mineral Rights, properties and material agreements, and conduct of operations; absence of litigation, judgment or order; employment matters; among other things.

The Option Agreement contains representations and warranties of the Vendor Members relating to the Membership Interest and including among other things, absence of conflict with or violation of constating documents (as applicable), agreements or applicable laws; authority to execute and deliver the Option Agreement and perform their obligations under the Option Agreement, including the sale of the Membership Interest; title to the Membership Interest; residency matters and Securities Laws matters.

The representations and warranties of the Parties in the Option Agreement will survive the Closing and a Party may make a claim for a breach thereof for a period of twenty-four (24) months following the date of the exercise of the Option, subject to the provisions of the Option Agreement.

### ***Covenants***

Each of the Vendor and the Vendor Members have each given to the Issuer usual and customary covenants in respect of the Option, including (i) not to take any action inconsistent with the Option; (ii) not to enter into any agreement, commitment, understanding or arrangement, whether written or oral, with any person other than the Issuer or take any other action directly or indirectly resulting in the issuance of additional securities of the Vendor, including without limitations any securities or other rights convertible into or exchangeable for securities of Vendor, the transfer, directly or indirectly, of any of the Membership Interest owned by the Vendor Members, the sale of any assets of the Vendor or the grant of any right to or interest in any of the foregoing without the prior written consent of the Issuer; (iii) not to create or suffer to exist any encumbrances on the securities of the Vendor held or controlled by them, including the Membership Interest owned by the Members, or the assets of the Vendor, including, without limitation, the Mineral Rights without the prior written consent of the Issuer; and (iv) not to take any action which is likely to (or fail to take any action required not to) have a material adverse effect on the potential commercial value of the Vendor or the Mineral Right.

The Vendor also covenanted and agreed that during the Option Period, the Vendor, shall, among other things, (i) conduct its business in the ordinary course consistent with past practice, (ii) not alter or amend its constating documents; (iii) not engage in any business or other activity other than its existing business or enter into any transaction or incur (except in respect of obligations or liabilities to which it is already legally subject) any obligation, expenditure or liability other than obligations, expenditures and liabilities relating to the maintenance of its corporate existence and the Mineral Rights, but not the exploration or development of the Minerals Rights, without the prior written consent of the Issuer, (iv) maintain its books, accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior practices, (v) provide the Optionee with access to the Mineral Rights for the purposes of carrying out due diligence and evaluation activities, (vi) keep the Mineral Rights are kept in good standing, including, but not limited to the payment of all filings, taxes, charges and assessments or other forms of renewal payments, provided that the Issuer has provided the Vendor with funding for same, (vii) shall not anywhere within the Restrictive Area, (A) acquiring any mineral interests, (B) carry on, engage or become financially interested in any other company with interests in the Restrictive Area or (C) permit its name or any part thereof to be used or connected with any mineral project in the Restrictive Area.

The Issuer has acknowledged that the Vendor has entered into certain secured loan agreements representing an aggregate of US\$175,788.61 in principal amount with third party lenders which in the event of certain transactions, including the exercise of the Option by the Issuer, will require the Vendor to cause the issuance by the Issuer of securities to the lenders representing 'bonus shares' or 'bonus warrants' subject to the approval of the Exchange. During the Option Period, the Vendor shall keep the secured loan arrangements in good standing, including negotiating an extension to the maturity thereof. The Vendor has agreed that the final US\$180,000 cash payment due to the Vendor on the Closing Date pursuant to the Purchase Agreement will be utilized in accordance with a budget prepared by the Issuer, which includes the repayment of certain unsecured liabilities.

During the Option Period, the Vendor has also agreed to terminate its consulting arrangement with the Consultant in favor of the Consulting Agreement.

From the Closing Date and for a period of three years thereafter, the Vendor Members have agreed to vote (or cause to be voted) all the Resulting Issuer Shares held by them at any meeting of the securityholders of the Issuer in favour of or against any resolution, as recommended by the board of directors of the Issuer and have the relevant Resulting Issuer Shares counted or not counted as part of a quorum in connection with any such meeting, as directed by the board of directors of the Issuer

For a period of two years following the Closing Date, the Vendor Members have agreed to provide written notice to the Issuer of any intent to dispose, transfer or sell all or any part of the Resulting Issuer Shares held by them setting forth the number of shares, terms and price at which the shares are offered, following which the Issuer will have five Business Days to identify a purchaser for such shares. If the Issuer fails to so identify one or more purchasers, the Vendor or Vendor Member, as the case may be, shall have 30 days to complete the disposition, transfer or sale.

#### ***Termination of the Option Agreement***

The Option Agreement may be terminated (i) by mutual written agreement of the Parties; (ii) automatically in the event that the Purchase Agreement is terminated prior to the completion of the Transaction; (iii) automatically upon the expiry of the Option Period; (iv) by the Issuer at any time upon providing 30 days written notice to the Vendor, or if, following a period of 30 days following a fourth acquisition of Mineral Rights pursuant to the Purchase Agreement, the Issuer has not provided notice of its intent to exercise the Option.

## INFORMATION CONCERNING THE SIGNIFICANT ASSETS

*The following information has been provided by the Target and reflects the current business, financial and share capital position of the Target. See “Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information following the Completion of the Transaction.*

### **The Properties**

Pursuant to the Purchase Agreement, on the Closing Date, the Issuer will acquire a 100% interest in the Properties, subject to the Properties Royalty. The Properties are located in Pershing County within the State of Nevada.

### **Technical Report**

A technical report prepared in accordance with the form requirements of NI 43-101 on the Properties dated February 7, 2020, with an effective date of October 31, 2019, has been prepared for the Company by Michael B. DuFresne, M.Sc., P. Geol, P. Geo. and Fallon T. Clarke, B.Sc., P. Geo both of Apex. The Technical Report reviews the Properties’ geology and mineralization and recommends a further exploration program. The authors of the Technical Report are independent Qualified Persons as defined by NI 43-101.

The following disclosure relating to the Properties has been substantially excerpted from the Technical Report. A complete copy of the Technical Report is available for review, in colour, on SEDAR at: [www.sedar.com](http://www.sedar.com). Alternatively, the Technical Report may be inspected during normal business hours at the Issuer’s head office at 10545 - 45 Avenue NW, 250 Southridge, Suite 300, Edmonton, Alberta for a period of thirty (30) days following completion of the Transaction.

### ***Property Description and Location***

#### Description and Location

The Properties are located in northwestern Nevada, situated within eastern Pershing County. The Properties include 229 active Bureau of Land Management (BLM) federal lode claims and 543 pending ‘in application’ claims, totalling approximately 15,950 acres (6,455 gross ha), in two non-contiguous land packages. The description and location of both Properties are provided in the sub-sections below and are shown in Figures 4.1 and 4.2 below. The details of the active and registered claims of the Properties are listed in Appendix 1 of the Technical Report.

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Figure 4.1. Grayson Property BLM federal lode claim map.

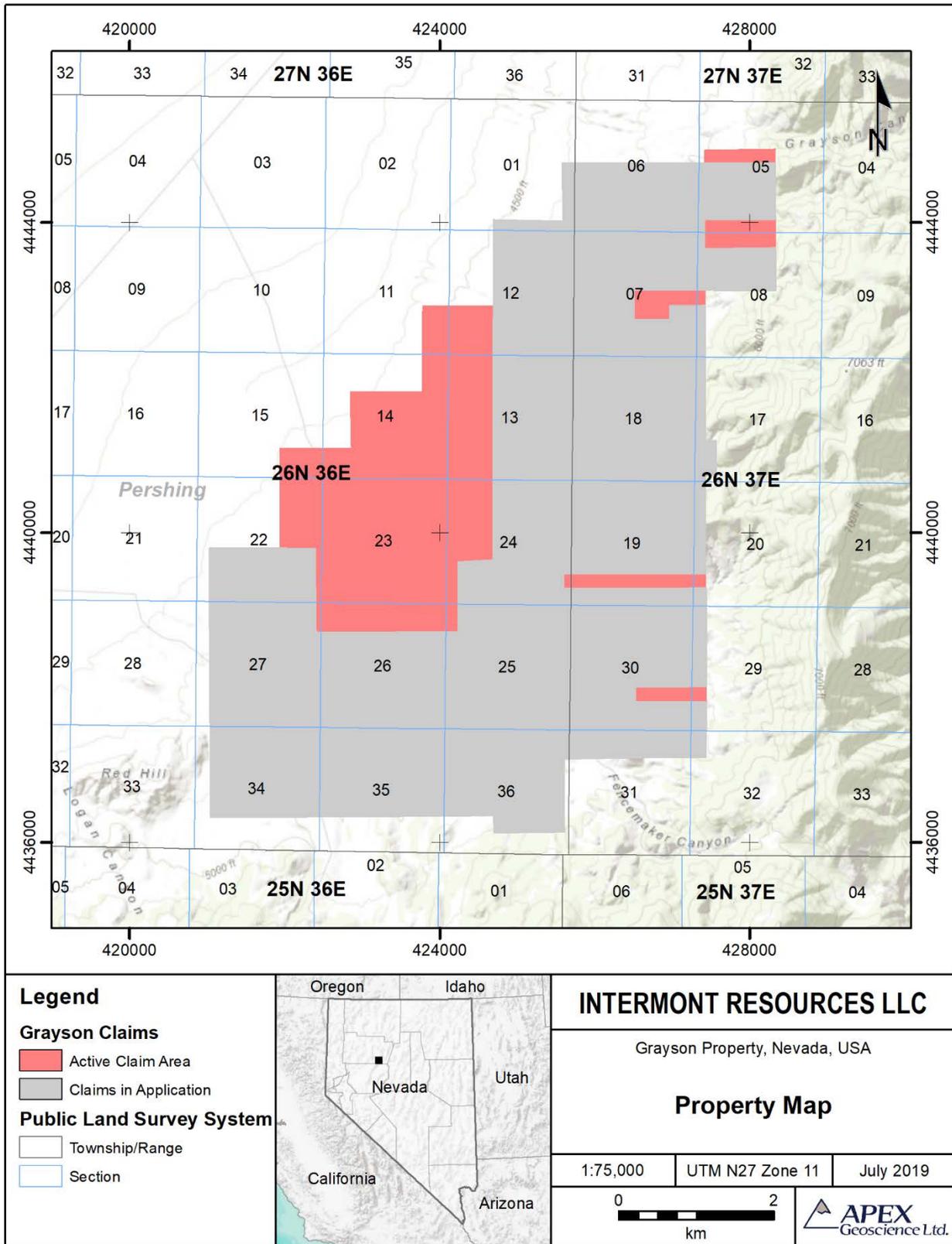
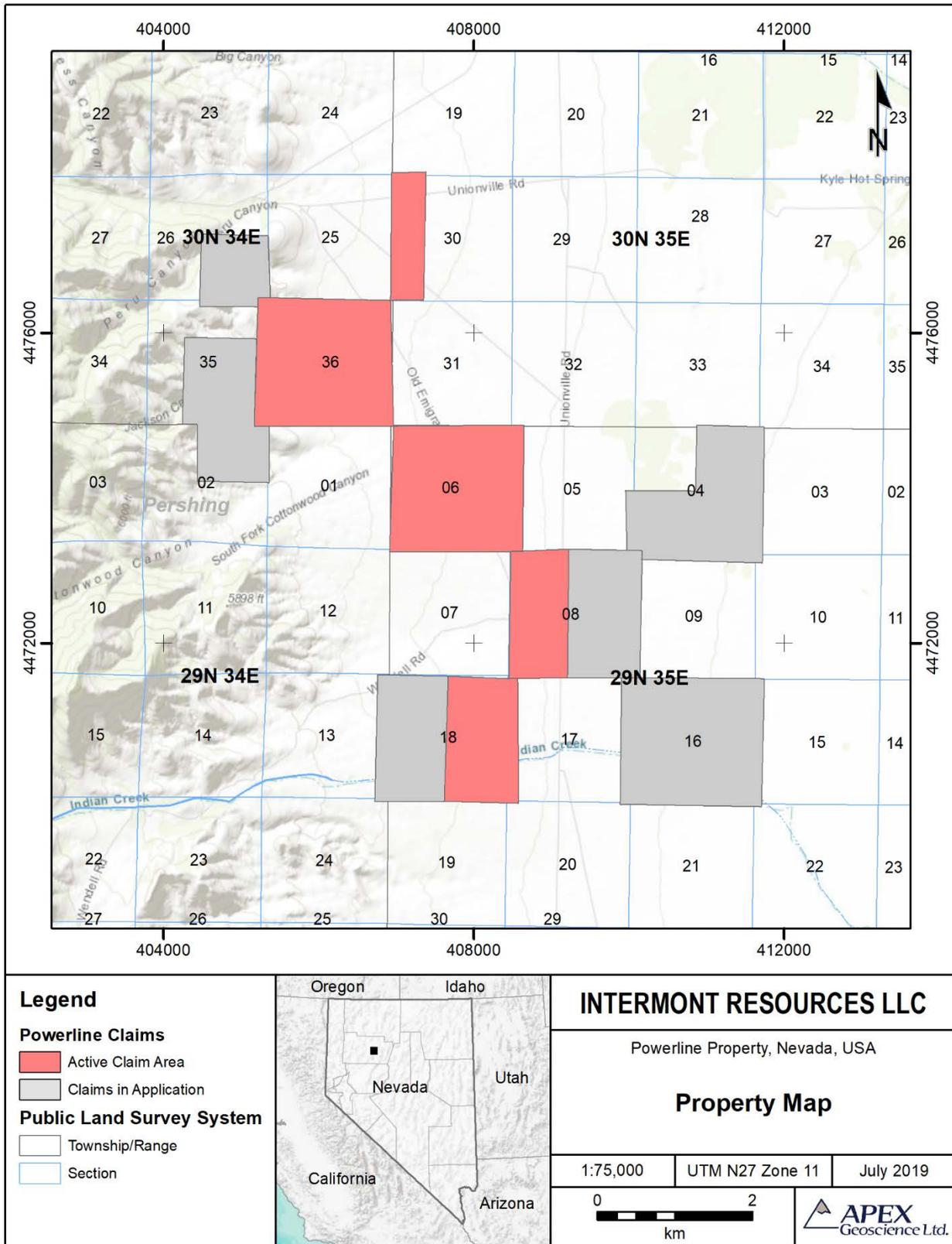


Figure 4.2. Powerline Property BLM federal lode claim map.



The Vendor owns, fully (100%), the subsurface mineral rights on all of the mineral lodes (claims) within the Properties that have been registered. The total claim maintenance fees filed in 2018 for 2019 totalled US\$37,455 for both Properties with 110 claims for Grayson and 117 claims for Powerline. Ownership of the claims in application will need to be confirmed once some or all of the claims have been registered.

The Issuer has agreed to acquire a 100% interest in and to the Properties for the following consideration to the Vendor: (i) cash payments of US\$19,400 (CA\$25,000) paid as a non-refundable deposit upon signing the LOI (completed), US\$75,000 to be paid as an interim refundable loan prior to closing the Transaction (completed) and a further US\$180,000 to be paid upon closing the Transaction (together, the “Cash Payments”); (ii) the issuance to the Vendor of the Payment Shares; and (iii) the grant of the Properties Royalty.

The Issuer will have the right to acquire additional properties held by the Vendor within a defined area of interest for a period of sixty months for consideration of the Issuer issuing 200,000 Resulting Issuer Shares to the Vendor per property acquired. The Issuer will retain the further right to purchase one half of the Properties Royalty at any time prior to 180 days following the earlier of (i) a production decision being made or (ii) the commencement of commercial production, on the Grayson Property or the Powerline Property, as applicable, for payment of US\$1,500,000 per Properties Royalty.

The Mining Law of 1872 states that with respect to unpatented mining claims on federal lands, the locator has the right to explore, develop and mine on mineral mining claims. Surface rights are not included and remain the property of the United States government. To maintain existing unpatented claims in good standing an annual maintenance fee of US\$165 must be paid per claim to the BLM prior to September 1 of each year or the claims will be invalidated and will expire. The status of all 229 mineral claims was checked against the BLM LR2000 registration database on January 31, 2019 and they are confirmed to be in good standing.

#### *Grayson Property*

In Pershing County, the Grayson Property is located within Sections 1, 11 to 15, 22 to 27, 34 to 36 in Township 26N, Range 36E; and Sections 5 to 8, 17 to 20, 29 to 32 in Township 26N, Range 37E. The Grayson Property is located on the Logan Peak, Fencemaker Pass, McKinney Pass and West of McKinney Pass 7.5-minute United States Geological Survey (USGS) Quadrangle maps.

The Grayson Property comprises 112 active and 391 pending (in application) contiguous BLM federal lode claims in southeast Pershing County. The active claims cover an area of approximately 2,314 acres (936 ha) and the pending claims cover an area of approximately 8,078 acres (3,269 ha), for a total area of 10,392 acres (4,205 ha). The Grayson Property is located approximately 31 miles (50 km) east of Lovelock, NV. The approximate center of the Grayson Property is located at Universal Transverse Mercator (UTM) 424803 m Easting (E) and 4440046 m Northing (N), Zone 11, North American Datum of 1927 (NAD27).

#### *Powerline Property*

The Powerline Property is located within Sections 25, 26, 35, 36 in Township 30N, Range 34E; Sections 30, 31 in Township 30N, Range 35E; Sections 1, 2, 13 in Township 29N, Range 34E; and Sections 3-10, 15-22 in Township 29N, Range 35E. The Powerline Property is located on the Congress Canyon and Unionville 7.5-minute USGS Quadrangle map.

The Powerline Property comprises 117 active and 152 pending contiguous BLM federal lode claims in eastern Pershing County. The active claims cover an area of approximately 2,417 acres (978 gross ha) and the pending claims cover an area of approximately 3,140 acres (1,271 gross ha), for a total area of 5,558 acres (2,250 ha). The Powerline Property is located approximately 1.2 miles (2 km) south-southeast of Unionville, NV, and 9.3 miles (15 km) east of Humboldt River Ranch, NV. The approximate center of the Powerline Property is located at UTM 408162 m E and 4473329 m N, Zone 11, NAD27.

## Agreements

The Vendor holds a bond with the BLM Nevada State Office (NSO) in the amount of US\$99,977. The bond provides surface reclamation coverage for operations conducted by Intermont on lands in Nevada under sub-part 43 Code of Federal Regulations 3809. The obligated bond amounts for each property under the BLM bond include:

- US\$17,826 obligated bond amount for Grayson.
- US\$15,085 obligated bond amount for Powerline.

On November 14, 2018, a bond rider was approved, reducing the penal sum of the bond to US\$91,084.

To the best of the authors' knowledge, there are no additional royalties, back-in rights, payments or other agreements and encumbrances, other than what is described above and the BLM bonds mentioned above, to which the Properties are subject.

The Vendor controls sufficient ground and has sufficient permitting to access the project and continue future exploration programs. Details with respect to permitting are provided in below at "*Environmental Liabilities, Permitting and Significant Factors*". As of the effective date of the Technical Report no significant factors or risks were found which would limit the Resulting Issuer's right or ability to access the lands described, their right to title, or the ability to perform work on the Properties.

## Environmental Liabilities, Permitting and Significant Factors

### *Permitting*

The Vendor has two approved BLM Notice of Intents (NOI or NOIs) for the Grayson Property. The first NOI for Grayson covers approximately 3.37 acres (1.36 ha) of proposed disturbance located in Sections 14, 22 through 24 and 26, Township 26N, Range 36E. The second NOI for Grayson covers approximately 4.30 acres (1.74 ha) of proposed disturbance for exploration drilling activities in Sections 1, 2, 11, 12, 13 of Township 26N, Range 36E; Sections 6 and 7 of Township 26N, Range 37E. The Company intends to close out both NOIs for the Grayson Property and will apply for a new NOI based on proposed exploration plans for 2020.

The Vendor has an approved BLM NOI for the Powerline Property with a total planned disturbance of approximately 1.34 acres (0.54 ha) for exploration drilling activities located in Section 36 of Township 30N, Range 34E; Section 1 of Township 29N, Range 34E and Section 6 of Township 29N, Range 35E.

### *Environmental Liabilities and Significant Factors*

Apex and the Vendor are not aware of any existing environmental liabilities associated with the Properties.

## ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

### Accessibility

The Properties are located in Pershing County in northwestern Nevada. Primary access to the Properties is available via US Interstate 80. From Winnemucca, NV, the Grayson Property can be reached by travelling 65.9 miles (106 km) south along US Interstate 80 to exit 112, travelling east along NV-396 for 32.4 miles (52 km) to McKinney Pass Road. Alternatively, the Grayson Property can be reached by travelling south from Winnemucca on Grass Valley Road to McKinney Pass Road (approximately 65 miles (105 km)).

From Winnemucca, the Powerline Property can be reached by travelling 28.5 miles (45.9 km) south on US Interstate 80 to exit 149, travelling south along NV-400 S to the Lovelock-Unionville Road. The Lovelock-Unionville Road transects the eastern side of the Property. The northwestern corn of the Powerline Property can be accessed from NV-400 S by travelling west along Unionville Road toward Unionville, NV.

At both projects, historic trails and four-wheel tracks allow access to much of the mineral areas.

#### Site Topography, Elevation and Vegetation

Northwestern Nevada lies within the Basin and Range physiographic province, an area characterized by varied topography of north-south trending mountain ranges separated by flat lacustrine-gravel-volcaniclastic-volcanic filled valleys. Elevation between the Properties ranges from 4000 ft (1219 m) to 6000 ft (1829 m) above sea level (asl). Star Peak is the highest mountain in Pershing County, with an elevation of 9,835 ft (2998 m).

Vegetation in Pershing County consists of sagebrush, cactus and bunch grass communities in areas of lower elevation. *Stanleya pinnata* (prince's plume) is abundant in the Grayson Property.

#### Climate

The climate of the Properties' area is semi-arid, consistent with dry high desert climate, with cold winters and warm to hot summers. Weather records from Lovelock, NV, recorded from 1981 to 2010, indicate average January maximum and minimum temperatures of 45°F (7°C) and 18°F (-8°C), respectively. Average July maximum and minimum temperatures are 98°F (37°C) and 56°F (13°C), respectively. Average annual precipitation is recorded at 5.11 inches (13.0 cm) of rainfall and 9 inches (22.9 cm) of snowfall (United States Climate Data, 2019). It should be noted, however, that precipitation in the Basin and Range physiographic province varies greatly with elevation. The properties are at fairly low elevations and can be explored year-round subject to the occasional winter storm that can cause temporary access issues due to rain and/or snowy conditions.

#### Local Resources and Infrastructure

The town of Winnemucca, NV, has served as a mining center since exploration commenced in the region in the 1860s. The discovery of major gold deposits in the area in the 1970s led to a boom in the population of the town. Winnemucca hosts a population of 7,396, according to 2010 United States Census data, and is served by the Union Pacific Railroad. Services offered by Winnemucca include fuel, food and restaurants, motels and airport services. Winnemucca lies approximately 47 miles (76 km) and 65 miles (105 km) by road north-northeast of the Powerline Property and the Grayson Property, respectively.

The nearest city to the Properties is Reno, NV, located approximately 124 miles (200 km) and 129 miles (207 km) by road southwest of the Powerline Property and the Grayson Property, respectively. Reno is a full-service community and acts as a major mining center in northwestern Nevada. Field personnel and resources for exploration and potential operations are expected to be available from Reno and Winnemucca.

Pershing County has an extensive history of mining and local resources; mining and exploration staff, access infrastructure and power are all available to the region. Open pit mines in the area typically operate 365 days a year, with limited interruptions due to snowfall in the winter. Mining and exploration significantly impact the economics of the region and are generally well received by the public.

The Properties are located in the vicinity of a couple of large, active open pit mines operated by Americas Gold and Silver (AGS - Relief Canyon Mine) and Coeur Mining (Coeur - Rochester Mine). These mine sites also include fully operational mill complexes designed to treat oxide gold ores. Water is available proximal to the properties for drilling operations. For communications, 4G cellular network is available in select locations. High voltage electrical transmission lines are located near the project areas. Both project areas have sufficient and appropriate sites to accommodate exploration and potential mining facilities, including waste rock disposal, leach pads and processing infrastructure if and when discoveries are ever made and mining is contemplated.

#### ***History***

Pershing County is host to numerous mining districts. The Humboldt Mining District was the first to be established in 1860, followed by the discovery of the Star and Buena Vista Mining Districts in 1861. Several additional mining districts were established in Pershing County following the Civil War. Gold placer deposits were discovered in

American Canyon, Spring Valley and Dry Gulch along the eastern side of the Humboldt Range from 1881 to 1900, followed by important discoveries at Seven Troughs in 1907 and Rochester in 1912 (Vanderburg, 1936).

The Properties are situated throughout the eastern side of Pershing County in two historic mining districts; the Grayson Property is located within the historic Table Mountain Mining District and the Powerline Property is within the Buena Vista (Unionville) Mining District situated immediately to the north of the Indian, Spring Valley and Rochester Mining Districts (Figure 6.1). The following text provides a brief summary of the historic exploration conducted within each mining district and is adapted from historic reports on the region (Bonham et al., 1985; Tingley, 1985; and Wallace and Tatlock, 1963).

The reader is cautioned that the authors have been unable to verify the information in this section and where references are made to past production and/or historic or current mineral resources, the authors have not verified the information. In addition, the Properties are for the most part centered over shallow pediment targeting the extensions of favourable structures with little to no outcrop. In general, the actual Properties have had little to no historic exploration.

### Grayson Property

The southern extent of the Grayson Property is located in the historic Table Mountain Mining District, just north of the Pershing-Churchill County border. Discoveries in the Table Mountain Mining District began in 1861 with the discovery of copper ore by Alva Boyer. Additional discoveries included the following, as summarized by Tingley (1985): 1) silver-lead discoveries at Cornish Camp in the 1870s; 2) antimony deposits at Gilbert's Mine in 1878; 3) nickel and copper deposits in the 1880s; 4) the discovery of gold in 1922; and 5) mercury deposits in the 1940s.

Mining activity in the district has been intermittent. The following summary of mining in the district has been reproduced from Tingley (1985):

*“Copper ore was produced from the Boyer copper district in the early days, and the mine was active until at least 1911. The Fencemaker antimony mine produced one ton of antimony metal, and the Lovelock Mine shipped about 500 tons [453.6 tonnes] of high-grade nickel-cobalt ore (Lincoln, 1923, p.11). The Green Gold Mine is known to have produced from the 1930's to the early 1960's; in 1948-1949, the mine produced 120 tons of ore milled for the free gold values (Johnson, 1977, p. 94). The Freckles Mine has produced 1236 flasks of mercury (Bailey and others, 1984). About 900 tons [816.5 tonnes] of fluorspar ore is estimated to have been produced from the Nevada Fluorspar Mine (Papke, 1979, p.64). The Gilbert Mine produced \$30,000 in silver-lead ore from shallow workings after 1878 (Lincoln, 1923, p. 11). An unknown amount of ore was produced from the Cornish Camp area west of Cornish Peak, and a few thousand tons of ceramic clay has been produced from the Stoker Kaolin deposit.”*

The authors are unaware of any known modern exploration that has been conducted on the Grayson Property prior to the recent exploration conducted by the Vendor.

### Powerline Property

The northwestern portion of the Powerline Property is situated in the Buena Vista (Unionville) Mining District. The Buena Vista Mining Districts sits immediately to the north of the Indian, Spring Valley and Rochester Mining Districts (Figure 6.1 of the Technical Report). The Spring Valley Mining District is host to the Spring Valley project containing the porphyry intrusion and volcanic hosted Spring Valley Deposit. The Rochester Mining District is located immediately to the south of the Spring Valley Mining District and is host to the Rochester mine. The Rochester mine is an open pit silver and gold mine owned by Coeur Mining Inc. The mineral resource estimates for the Spring Valley deposit and Rochester mine are summarized in Section 23 of the Technical Report - *Adjacent Properties*. This subsection covers the history of the Buena Vista Mining District.

The Buena Vista Mining District was established in 1861, followed by the discovery of the Arizona silver mine in 1862. The reader should note that historic literature uses the titles of Buena Vista and Unionville Mining Districts interchangeably. The Arizona mine was in production from its discovery in 1862 until 1880, exploration from the

early 1900s to the 1930s focused on exploring and producing from the southern half of the Arizona mine. Historic reports of total production of the Arizona mine are variable and range from less than US\$2 million to nearly US\$13 million in Ag (Wallace and Tatlock, 1963). In addition, tungsten was produced from the Arizona mine from 1919 to 1959 (Bonham et al., 1985).

Several other historic mines are located in the Buena Vista Mining District, including the following (as summarized from Bonham et al., 1985):

- Inskip silver mine; mined from 1861 to 1880.
- Wheeler (Henning) silver mine; mined from 1861 to 1880.
- Black Warrior antimony mine; produced approximately 83 tons (75.3 tonnes) of antimony metal from 1916 to 1918 and 1940 to 1941.
- Marigold gold mine; small scale.
- Pflueger (Manoa) silver-lead mine; small scale.
- Buena Vista Canyon placer gold mines; small scale.

The authors are unaware of any known modern exploration that has been conducted on the Powerline Property prior to the recent exploration conducted by the Vendor.

### ***Geological Setting and Mineralization***

The Properties are situated in the Great Basin segment of the Basin and Range Province in northwestern Nevada, an area characterized by varied topography of north-south trending mountain ranges separated by flat lacustrine-gravel-volcaniclastic-volcanic filled valleys. The Properties are situated along the edge of the Buena Vista Valley, with the Grayson Property located along the western flank of the Stillwater Range and the Powerline Property located along the eastern edge of the Humboldt Range. The Properties are situated along a southwestern extension of the Getchell Trend, a northeast trending linear alignment of gold deposits, thought to represent major crustal structures in northern Nevada (Groff et al., 1997). Additionally, the Properties are in proximity to known gold deposits in the region, including the Relief Canyon Mine, the Rochester Mine and the Spring Valley Gold and Silver Deposit, which are considered part of the Humboldt Trend, considered a north-south trending horst (Crowl et al., 2014).

Although the prospect-scale understanding of the geology and mineralization of the Properties is evolving as the Vendor continues modern exploration of the Project areas, the regional-scale geological setting is relatively well understood. The regional geological information in the following section is largely derived from previous studies and technical reports on projects in the area by Crowl et al. (2014); Fifarek et al. (2015); John (1995); Neal and LeLacheur (2010); Silberling and Wallace (1969); Wallace et al. (2004) and Vetz (2011).

### **Regional Geology**

The regional geologic history of northern Nevada spans over 2 billion years, from the deposition of Precambrian rocks to recent active faults and alluvial deposits in modern valleys (Wallace et al., 2004). A generalized history of the major geologic events of northern Nevada, adapted from Wallace et al. (2004), is summarized below as follows:

- The Late Proterozoic through early Mesozoic was characterized by stable continental shelf sedimentation with periodic accretion of allochthonous geologic terranes from the west;
  - The continental margin was produced by continental rifting in the Late Proterozoic.
  - The shelf environment from the Cambrian to Devonian produced extensive sedimentary deposits.

- Allochthonous deep-basin rocks were thrust eastward over autochthonous shelf-slope deposits along the Roberts Mountain thrust from the late Devonian to the Permian. This event is known as the Antler orogeny and formed the Pennsylvanian and Permian Antler sequence.
- Shelf sedimentation resumed following the orogenic event, interfingering carbonates with the sediments of the Antler orogeny. Many sedimentary rock-hosted Au deposits formed in late Eocene carbonates beneath the Roberts Mountains thrust.
- During the late Permian-early Sonoma orogeny, the Golconda allochthon was emplaced along the Golconda thrust.
- Volcanism following the Sonoma orogeny produced the Koipato Group (Late Permian and Early Triassic aged).
- All of northern Nevada was compressed in a general east-west direction starting in the Middle Jurassic to Late Triassic. South-east directed thrusting occurred in northwestern Nevada as Triassic and Early Jurassic rocks were thrust over the Triassic platform carbonates and the volcanics of the Koipato Group. The compressional event ended in the Paleocene.
- Igneous intrusions were emplaced during the same period and produced numerous mineral deposits in northern Nevada.
- There is a gap in the geologic record for events occurring from the Late Cretaceous to middle Eocene in northern Nevada.
- Extensional and magmatic events characterized the Tertiary, starting at approximately 46 Ma;
  - Magmatism formed three igneous assemblages in the region: the interior andesite-rhyolite, the western andesite and the bimodal basalt-rhyolite.
  - Extensional events through the Tertiary formed large low-angle detachment faults in the Ruby Mountains and East Humboldt Range with tilting and uplift throughout the region.
  - West-southwest extension began in the middle Miocene to 6-8 Ma.
  - Modern basin-and-range physiography began once extension shifted to a northwest direction.
- Late Tertiary and Quaternary unconsolidated sediments fill the basins that formed during late Tertiary and Quaternary crustal extension.

A timeline of the major geologic events in northern Nevada and the Cenozoic events in northern Nevada are shown in Figures 7.1 and 7.2 of the Technical Report, respectively. The regional geology is shown in Figure 7.3 of the Technical Report.

### *Stillwater Range*

The Grayson Property is located along the western edge of Stillwater Range in Pershing County. The Stillwater Range was formed by Cenozoic Basin-Range extensional faulting and trends to the north-northeast. The pre-Tertiary lithologies of the Stillwater Range comprise metamorphic rocks of Triassic and Jurassic age, juxtaposed by Late Jurassic to Early Cretaceous faulting (John, 1995). The metasedimentary and metavolcanic rocks are intruded by granite and felsite. Middle to upper Tertiary igneous and sedimentary rocks overlie the Mesozoic rocks and are subdivided into four units, reproduced from John (1995), as follows:

1. Oligocene to earliest Miocene silicic ash-flow tuffs and intermediate to silicic lava flows and hypabyssal intrusions that are related mostly to the Stillwater caldera complex;

2. Granitic plutons that are the roots of the calderas;
3. Lower(?) and middle Miocene sedimentary rocks; and
4. Middle Miocene intermediate to mafic lava flows.

The Stillwater caldera complex is located in the southern Stillwater Range and is made up of three partially overlapping calderas. Regarding structural activity, Tertiary extension is documented in the southern Stillwater Range at ~24 to 22 Ma, resulting in striatal tilting on listric normal faults and counter-clockwise rotation. Fifarek et al. (2015) suggests a possible genetic connection to the mineralization event that occurred approximately 24 Ma at Relief Canyon in the Humboldt Range.

### Humboldt Range

The Powerline Property is located along the eastern edge of the Humboldt Range. The Humboldt Range is composed of a domed sequence of Triassic aged rocks; volcanic rocks of the Koipato Group make up the core of the range and are overlain by carbonate rocks of the Star Peak Group and sedimentary rocks of the Auld Lang Syne Group (Neal and LeLacheur, 2010).

The Koipato Group is interpreted to have been deposited by bimodal volcanism in the Early Triassic (Neal and LeLacheur, 2010) and includes three units: the lower Limerick Greenstone, the middle Rochester Rhyolite and the upper Weaver Rhyolite (Neal and LeLacheur, 2010; Vetz, 2011). The Limerick Greenstone forms the base of the Koipato Group and comprises three main units (as described by Vikre and cited in Vetz, 2011): 1) biotite-hornblende andesite, 2) schistose metasediments, and 3) intermediate rhyodacite flows, tuffs and andesitic greenstones. The Limerick Greenstone is interpreted to have been deposited within a volcanic arc environment. Overlying the Limerick Greenstone is the Rochester Rhyolite, comprising banded rhyolite flows and rhyolite tuffs with lesser tuff breccias and sedimentary units. The uppermost unit of the Koipato Group is the Weaver Rhyolite. The Weaver Rhyolite is composed of rhyolite flows, ignimbrites and tuffs (Vetz, 2011). The Koipato Group was intruded by leucogranite and feldspar porphyry dykes in the Triassic (Neal and LeLacheur, 2010).

The Koipato Group is overlain by the Triassic aged Star Peak Group. The Star Peak Group comprises two main units, the lower Prida Formation and the upper Natchez Pass Formation. The Prida Formation is divided into three informal members, summarized by Silberling and Wallace (1969), as follows:

- The lower member includes calcareous terrigenous clastic rocks and impure carbonate rocks above a basal clastic unit of noncalcareous sandstone and conglomerate.
- The middle member comprises a gray, highly fossiliferous limestone interbedded with calcareous shale and siltstone.
- The upper member is composed of dark cherty laminated limestone (and less dolomite) with interbedded carbonate rocks.

The Natchez Pass Formation overlies the Prida Formation and includes two main members. The lower member is a thickly bedded carbonate unit and the upper member is composed of an impure silty limestone (Silberling and Wallace, 1969). The Grass Valley Formation of the Auld Lang Syne Group overlies the Star Peak Group and is characterized by dark chlorite-bearing non-calcareous pelitic rocks and sandstones. The Grass Valley Formation grades upward into the Dun Glen Formation, a well bedded massive limestone. Two units of lower Mesozoic strata overly the Dun Glen Formation: 1) the lower unit consists of calcareous pelitic rocks, siltstone and sandstone and 2) the upper unit of post-Dun Glen strata comprises calcareous siltstones and sandstones, limestones and pelitic rocks (Silberling and Wallace, 1969). A generalized succession of lower Mesozoic units in the Humboldt Range is shown in Figure 7.4 of the Technical Report.

The structural framework of the Humboldt Range is described by Fifarek et al. (2015) as follows:

*“...the Humboldt Range is a product of multiple contractional, extensional and probable oblique strike-slip deformation events of Mesozoic and younger ages. Major imbricate thrust-fault systems and related folds occur along the northwest margin (Humboldt City thrust), near the center (Indian thrust), and across the southern end of the range. Development of the Luning-Fencemaker fold and thrust belt (LFTB) during the Jurassic resulted in regional tectonic thickening and uplift, penetrative fabrics, and greenschist facies metamorphism (Elison and Speed, 1989; Wyld et al., 2001; Wyld, 2002). Tectonic loading buried rocks to estimated depths of 7-14 km [4.3 to 8.7 miles], with corresponding temperatures of 250-300°C [482-572°F] and lithostatic pressures of  $\geq 1.8$  Kb (Elison and Speed, 1989; Wyld et al. 2003; Vikre, 2014). Considerable NW-SE [northwest-southeast] shortening associated with the LFTB thrust placed arc rocks of the Black Rock terrane over basin strata (Auld Lang Syne Group), and basin strata over shelf carbonates (Star Peak Group), with most of the latter transport accommodated on the eastern Fencemaker thrust (Oldow, 1984; Elison and Speed, 1989; Wyld et al., 2001; Wyld, 2002). In the northwestern Humboldt Range, the Fencemaker thrust is regarded as the east-verging Humboldt City thrust, projected beneath basin sediments along the west margin of the range, and cuts the southern part of the range at the Relief fault (Elison and Speed, 1989; Wyld et al., 2001; Wyld, 2002)...*

*...Normal faults of NNW-NNE [north-northwest to north-northeast] trend, consistent with the Miocene and younger Basin and Range extensional stress regime, dissect thrust sheets and impart a prominent structural grain to the Humboldt Range. The present topographic relief largely resulted from late Tertiary vertical displacements on multiple, curvilinear, ~N [north] -trending faults bounding the western and, to a lesser extent, eastern sides of the range. Sections of the western fault zone are presently active, with documented movement as young as  $4626 \pm 181$  BP (Wesnousky et al., 2005); several of these faults offset and produced scarps in pluvial Lake Lahontan highstand shorelines, indicating rupture ages  $< 13$  Ka (Adams and Sawyer, 1999; Adams et al., 1999; MacKnight et al., 2005). Post-middle Miocene listric normal motion on these major fault zones tilted volcanic flows as young as  $\sim 11$  Ma  $10^\circ$  to  $20^\circ$  E [east].”*

### Property Geology

The local-scale understanding of the geology and mineralization of the Properties is evolving as the Vendor continues modern exploration on the Properties. Limited exploration conducted on the Properties thus far includes geochemical soil sampling and a small-scale drilling program. No geological mapping has been conducted by the Vendor as of the effective date of this Technical Report as the Properties are primarily situated over pediment cover. The local geology for the Properties is shown in Figures 7.5 and 7.6 of the Technical Report, respectively.

The Grayson Property sits in a zone over a proposed hinge area of a structural pull-apart basin (Newton pers comm., 2019). Middle Upper to upper Lower Triassic sedimentary rocks and Upper Triassic to Lower Jurassic sediments make up the geology of the eastern edge of the Grayson Property, along the western flank of the Stillwater Range. A northeast trending high-angle normal fault separates the sedimentary rocks from younger tuffaceous sedimentary rocks and rhyolitic intrusive rocks along the central eastern edge. Quaternary alluvium and lake bed deposits cover the majority of the Grayson Property and extend from the Stillwater Range to the Buena Vista Valley (Figure 7.5 of the Technical Report). Geological units intersected in the 2017 drilling at Grayson included basalt, felsic to mafic volcanics, conglomerate and siltstone.

Middle and Lower Triassic andesite, rhyolite, tuff and volcanoclastic rocks and middle Upper to upper Lower Triassic (Carnian to Spathian) limestone, dolomite, shale, sandstone and conglomerate rocks comprise the rocks in the northwestern corner of the Powerline Property along the eastern flank of the Humboldt Range. Pleistocene and Pliocene aged alluvium and alluvial fan deposits cover the majority of the Property, including the transition between the Humboldt Range and Buena Vista Valley. Quaternary playa, lake bed and flood plain sediments are present along the eastern edge of the Property boundary (Figure 7.6 of the Technical Report).

### Mineralization

The Properties are in the preliminary stages of exploration. No significant gold and silver mineralization has been intersected on either project. Recommendations arising from this Technical Report will focus on discovery, delineation and definition of the mineralization within both Property areas.

## *Exploration*

Exploration work completed by the Vendor at the Properties from 2015 to 2019 included; 1) geochemical rock sampling; 2) geochemical soil sampling; and 3) geophysical surveying. One geochemical rock sample was collected from the Grayson Property and 1,368 geochemical soil samples were collected from the Properties, with 1,296 soil samples collected at Grayson and 72 soil samples collected at Powerline. Additionally, a ground magnetic survey was conducted over a portion of both properties, covering an area of about 5,604 acres (2,268 ha).

### Geochemical Rock Sampling

One rock sample was collected by the Vendor from the “Hot Spring Quartz Vein” outcrop at the Grayson Property, situated at UTM 426365 m E and 4438506 m N, Zone 11, NAD27 (Figure 9.1). The brecciated jasperoid sedimentary rock sample is characterized by strong silicification, moderate brecciation, light oxidation and manganese coated fragments and fractures, as shown in Figure 9.2 of the Technical Report. The rock sample was collected by Clay Newton, Ph.D. and sent for analysis at American Assay Laboratories (AAL) in Reno, Nevada. An aliquot from the prepared sample was digested in aqua regia and analyzed by inductively coupled plasma mass spectrometry (ICP-MS). Gold was analyzed using fire assay fusion and ICP with atomic emission spectroscopy (ICP-AES). Assay results from the rock sample include 0.41 ppm Au, 13.2 ppm Ag, 240 ppm arsenic (As), 0.8 ppm mercury (Hg) and 29 ppm antimony (Sb).

### *Grayson*

The Vendor conducted Ionic (partial and selective) leach geochemical soil sampling at the Grayson Property in three separate sampling programs from 2015 to 2018. A total of 682 samples were collected in the 2015 and 2017 sampling programs with the samples sent to ALS Global (ALS) in Reno, Nevada for analysis. A total of 614 soils were collected in the 2018 sampling program but have not been sent for analysis. The location of the soil samples collected in 2015 and 2017 and the geochemical results for select elements are shown in Figures 9.3 to 9.7 of the Technical Report. The location of the soil samples collected in 2018 are shown in Figure 9.8. The Grayson Property geochemical soil sample locations and assay values for Au and Ag are provided in Appendix 2a of the Technical Report.

The 2015 and 2017 samples were collected along three northwest-southeast oriented lines and six north-northwest to south-southeast oriented lines over alluvial and volcanic cover. The samples were collected at sample spacings of approximately 197 ft (60 m). The 2018 soil samples were collected along eight east-west oriented and five north-south oriented lines at 197 to 394 ft (60 to 120 m) spacings. The ionic partial and selective leach method at ALS utilized by Intermont is designed to extract mobile ions (particularly cations) that can be transported to surface over time from a buried bedrock source via groundwater and/or vapour transport.

The 2015 to 2017 soil data outlines a weak gold anomaly extending across three lines from the west side of the sampling block, overlapping with an Ag anomaly in the northern portion of the westernmost soil line. Three main anomalous areas in two soil lines are highlighted by the ionic leach Ag-in-soil results, with the highest Ag values ranging from 323 to 377 ppb. The anomalies are located in close proximity to a north-east trending normal fault running along the western side of the Property. Additionally, a mercury (Hg) in soil anomaly was outlined in the sampling programs, extending across the three westernmost lines over an approximate width of 3,600 ft (1,100 m).

Regarding As in soil, 842 and 1,135 ppb As were the highest assayed values for samples collected from the Grayson Property. Both samples were collected from the eastern side of the northernmost soil line.

### *Powerline*

In total, 72 samples were collected within the Powerline Property in 2017 for ionic leach geochemical analysis. The majority of the samples were collected at sample spacings of 197 ft (60 m) over the pediment and alluvial deposits of Buena Vista Valley in two northeast-southwest oriented lines and one line oriented roughly east-west. The orientations of the soil sample lines were planned based on dominant structural trends within the Property. The location and geochemical results for select elements from the soil samples collected at the Powerline Property are shown in Figures 9.9 to 9.12 of the Technical Report.

The ionic leach Au in soil results highlight two weakly anomalous areas over a projected northeast trending fault running through the Powerline Property. The Ag in soil data correlates with a weak gold anomaly and subtle Se anomaly in the northern most line, with the highest Ag values ranging from 255 to 580 ppb. The weak Au anomaly in the middle soil line correlates with elevated Se and As values.

The Powerline Property geochemical soil sample locations and assay values for Au and Ag are provided in Appendix 2b of the Technical Report.

### Geophysics

The Vendor completed a ground magnetics survey at the Properties in late 2017. The survey was conducted by Clay Newton, Ph.D. of Intermont using a Geometrics G-857 magnetometer with integrated GPS and a Geometrics G-856 magnetometer as a base station for diurnal corrections. Magnetic total field data were collected at 49 to 98 ft (15 to 30 m) stations along lines approximately 984 ft (300 m) apart. The lines were oriented at high angles to dominant structural trends. The data were processed by Geometrics software and gridded in Surfer by a minimum curvature algorithm. The total magnetic intensity data were reduced to pole using Geosoft software.

The Total Magnetic Intensity (TMI), Reduced to Pole (RTP) and Vertical Derivative (VD) transformed magnetic data for the Grayson and Powerline ground magnetics surveys are illustrated in Figures 9.13 to 9.18 of the Technical Reports.

The magnetic survey at Grayson outlines an east-west break and a couple of north to northeast oriented breaks could reflect the underlying bedrock structures. Additional corroboration with other techniques such as gravity and or shallow seismic is required to confirm the presence of such structures, which would be targets for drilling.

The magnetic survey at Powerline highlights a strong north-northeast oriented magnetic break that is strongly suggestive of the presence of a north-northeast structure. In addition, the vertical derivative map (Figure 9.18 of the Technical Report), indicates there may at least two west-northwest oriented more subtle anomalies present that may be indicative of cross faults and may be targets for future drilling.

### *Drilling*

The Vendor completed a drilling program at the Grayson Property in 2017. Five reverse-circulation (RC) drillholes, totalling 4,780 ft (1,457 m), were drilled in September to October, 2017 at the Grayson Property. The drilling was completed by a track mounted T450 Schramm reverse-circulation drill rig. The 2017 drilling at Grayson was designed to test a structural horst and geochemical targets outlined in the 2015 soil sampling program. No holes were drilled at the Powerline Property. The 2017 drill collar locations are listed in Table 10.1 below and shown in Figure 10.1 of the Technical Report.

**Table 10.1. 2017 Grayson Property collar information.**

Hole ID	Easting	Northing	Elevation (ft)	Coordinate System	Depth (ft)	Azimuth (°)	Inclination (°)
GS1	423133.8	4440383.2	4535	NAD 27 Zone 11	900	0	-90
GS2	422615.5	4440632.1	4442	NAD 27 Zone 11	985	143	-70
GS3	423806.3	4441338.5	4529	NAD 27 Zone 11	925	150	-75
GS4	423567.4	4441115.8	4494	NAD 27 Zone 11	865	180	-80
GS5	424863.6	4445302.5	4419	NAD 27 Zone 11	1105	120	-80

The RC drilling, including the chip sampling and geological logging were performed to current industry standards with reasonable recoveries reported by Intermont. In the authors opinion, the drilling and sampling methodology employed along with the insertion of quality control samples for the exploration drilling were appropriate, sufficiently adequate and are described below. Results from the drill program were generally disappointing, although four of the five drillholes did not reach target depth or penetrate below the alluvial-volcanic cover due to mechanical issues with the drilling rig and caving drillholes. Samples from drillholes GS1 to GS3 were selectively assayed based on visual

observations of lithology, alteration and mineralization recorded in the drill logs. No samples from drillholes GS4 and GS5 were collected and sent for analysis.

All gold and silver assays for samples collected from the drilling program returned <50 ppb Au and <1 ppm Ag. Four of the five drillholes were oriented southeast at a dip of -70° to -80°. A couple of the holes intersected faults that were targeted based upon surface expression and the magnetic survey. Host rocks were likely Miocene volcanic tuffs intercalated with basalts. Sulphides were observed in all of the drillholes and comprised quartz-pyrite veining and disseminated pyrite mineralization. Alteration observed included argillization, chloritization and silicification. Additionally, brecciation was noted in the drill logs.

The structurally controlled Tertiary alteration intersected in these holes is potentially related to a Miocene epithermal event. The significant mineralization found at surface, has demonstrated that the concept of testing structures for mineralization beneath shallow pediment on strike with known fertile mineralized structures is worthy concept. Additional drilling is warranted at Grayson.

### ***Sample Preparation, Analyses and Security***

The following sub-sections describe the sampling techniques, analytical procedures and sample security measures employed by the Vendor during the recent (2015 to 2019) sampling programs at the Properties. All are viewed as industry standard and adequate for the work conducted to date.

#### Geochemical Soil Sampling

##### *Sample Collection, Preparation and Security*

Soil samples collected by the Vendor at the Properties are generally collected at 98 to 394 ft (30 to 120 m) spacings along lines spaced approximately 984 ft (300 m) apart. Sample location is determined using a handheld GPS. Samples are obtained by digging down to a change in soil color (to orange hues) and increased induration, indicating a zone of precipitation in the soil at an approximate depth of 1.6 ft (0.5 m). The sample is collected using a clean hand auger or mattock. The sample material is inserted into a 5- x 8-inch sample bag and the bag is sealed. Sample information is entered into a notebook, information collected includes the following: date, field station ID, site coordinates and description of the soil. Samples are transported from the field at the end of each sampling day.

All sampling was conducted under the supervision of the Vendor's geologists or field assistants. The chain of sample custody from the field to the laboratory was continuously monitored.

##### *Sample Shipping and Handling*

The soil samples are randomized before preparation at the laboratory. The chain of custody from the sample site to the laboratory is managed by the Vendor. The authors of the Technical Report cannot verify that the samples were not tampered with during shipping, although no issues were reported.

##### *Analytical Procedures*

The 2015 and 2017 soil samples were submitted to ALS in Reno, NV, for preparation. Preparation of the samples consisted of being weighed and logged into a computer-based system followed by a scoop split sample preparation procedure to obtain the desired aliquot. Preparation is minimal in the ionic partial leach methodology for soil samples to avoid removing or disturbing the iron-manganese (Fe-Mn) oxide/hydroxide coatings on soil grains, the target of the analysis. The prepared samples were then sorted, labelled and packaged for shipping to ALS in Vancouver, British Columbia, Canada, for analysis. ALS complies with the data quality objectives of the International Standards Organization (ISO/IEC 17025:2017 and ISO 9001:2015). The laboratory is independent of both the Vendor and the Issuer.

The 2015 and 2017 soil samples were analysed using ALS's ionic partial leach method (ALS code ME-MS23). This analytical procedure uses a sodium cyanide leach with ammonium chloride, citric acid and ethylene diamine tetra-

acetic acid (EDTA) as chelating agents with the leachant buffered at an alkaline pH of 8.5. The sodium cyanide leach is followed by inductively coupled plasma mass spectrometry (ICP-MS) analysis (ALS Global, 2019). The soil sample locations are provided in Appendix 2 of the Technical Report and the laboratory certificates are provided in Appendix 3 of the Technical Report.

#### *Quality Assurance – Quality Control*

The geochemical soil sampling programs conducted at the Properties in 2015 and 2017 were reconnaissance in nature. Therefore, no quality assurance – quality control (QA-QC) was performed; specifically, the collection of duplicate samples and insertion of blanks and standards (to test laboratory precision and accuracy) in the sample sequence.

It is the author's opinion that the geochemical soil sampling programs were acceptable in a preliminary capacity because the Properties are an early stage exploration project and the analytical results from the sampling program are not being used to define a mineral resource on the Properties. Any future sampling, however, should implement QA-QC procedures including the collection of field duplicates, blanks and certified sample standards. The use of quality control methods will quantify sampling and analytical error, as well as indicate where analytical process improvements are required to reduce risk and increase the accuracy of any follow up exploration.

#### Reverse-Circulation Drilling

The following describes the sampling procedures for reverse-circulation (RC) drilling that have been established by Intermont. All sampling was conducted under the supervision of the Vendor's geologists or field assistants. The chain of sample custody from the field to the laboratory was continuously monitored.

#### *Sample Collection, Preparation and Security*

Reverse-circulation drill samples were obtained by rotary splitting 5 ft (1.5 m) sample intervals into 10- x 17-inch sample bags. Each sample interval was assigned a sample number; hole number and footage were not written on the sample bag. Field duplicates were taken at the drill rig at a rate of approximately 1 in every 30 samples. Geochemical blanks, standards and field duplicates are inserted by Intermont geologists approximately 1 in every 30 samples.

#### *Sample Shipping and Handling*

The RC samples are randomized before preparation at the laboratory. The chain of custody from the sample site to the laboratory was managed by Intermont. The authors of the Technical Report cannot verify that the samples were not tampered with during shipping, although no issues were reported.

#### *Analytical Procedures*

The 2017 drill samples were prepared and analyzed at American Assay Laboratories (American Assay) in Reno, NV. American Assay is an ISO/IEC 17025:2005 accredited facility. American Assay is independent of both the Vendor and the Issuer. Preparation included crushing, splitting and pulverizing of the samples. A 30 g aliquot was extracted from the pulp and analyzed for Au using a fire assay fusion. Additionally, a multi-element analysis was conducted using ICP-AES (inductively coupled plasma – atomic emission spectroscopy). Over limit analysis for Au and Ag was completed using gravimetric methods.

#### *Quality Assurance – Quality Control*

The sampling protocol employed by the Vendor during the RC drill program included QA-QC protocols to quantify possible sampling and analytical error. Duplicate samples were collected approximately every 30 samples and certified reference standards and blanks were inserted throughout the sample sequence at a rate of approximately 1 in every 30 samples. Additionally, American Assay utilizes quality control measures throughout the sample preparation and analysis process, including the insertion of laboratory duplicates and several different certified reference standards and blanks. No issues were identified by the Vendor's QA-QC program.

The drill sample collection, preparation, security, transportation and analytical procedures followed during the RC drilling program at the Grayson Property are within industry norms and best practices. In the author's opinion, the procedures utilized by Intermont are considered adequate to ensure that the results disclosed are accurate within scientific limitations.

The Vendor's analytical QA-QC program for drilling included the collection of field duplicate samples and the regular insertion of blank and standard reference materials in the drill sample stream.

The 2017 drill program yielded the collection of 676 RC samples. Although 676 RC samples were collected, only 198 RC samples were submitted for analysis. A total of four duplicate samples were submitted for analysis at an average rate of 1 in every 49.5 samples. A total of 19 standard reference samples, comprising 10 blanks and 9 non-blanks, were inserted at an average rate of approximately 1 in every 10 samples. Certified reference materials (standards) inserted in the sample stream included:

- OREAS 21e (<1 ppb Au)
- OREAS 600 (0.200 ppm Au)
- OREAS 601 (0.780 ppm Au)

In addition to the low-grade standard OREAS 21e, marble was inserted as a blank in the sample stream with no adverse results.

A graph illustrating the Au data for standard OREAS 600 is provided below in Figure 11.1 of the Technical Report. A bivariate plot illustrating the original drill sample assays for Au versus duplicate assays for Au is shown in Figure 11.2 of the Technical Report.

The QA-QC data for the Grayson Property drill program indicates that there were no significant issues with the analyses of the samples collected by Intermont. In the opinion of the authors of the Technical Report, the Vendor's analytical QA-QC program for drill sampling was adequate to ensure overall data quality and no significant issues were detected. The drillhole database is considered suitable for use in construction of the Technical Report.

### ***Mineral Resource Estimates***

The Vendor or the Issuer have yet to conduct mineral resource/reserve modelling or estimations. There are no known mineral resources or reserves outlined on the Properties.

### ***Interpretation and Conclusions***

The Properties, which are the subject of the Technical Report, were staked for their precious metal potential. The Properties are situated within the Great Basin segment of the Basin and Range Province, an area characterized by varied topography of north-south trending mountain ranges separated by flat lacustrine-sediment-volcaniclastic-volcanic filled valleys. The Properties lie along the edge of the Buena Vista Valley, with the Grayson Property located along the western flank of the Stillwater Range and the Powerline Property located along the eastern edge of the Humboldt Range. The Properties are situated along the southwestern extension of the Getchell Trend, a northeast trending linear alignment of gold deposits in northern Nevada, that is thought to represent a major crustal structure in northern Nevada (Groff et al., 1997). Additionally, the Properties are in proximity and along strike of known gold deposits in the region, including the Relief Canyon Mine, the Rochester Mine and the Spring Valley Gold and Silver Deposit, which are considered part of the Humboldt Trend, thought to be a north-south horst, and an important regional structure in the control of precious metal mineralization in the region.

The Properties cover a total area of approximately 15,950 gross acres (6,455 gross ha) comprising 229 active and 543 pending Bureau of Land Management federal lode mineral claims. The Vendor owns, fully (100%), the subsurface mineral rights on all the mineral claims within the Properties.

The Technical Report on the Properties has been prepared by Apex of Edmonton, Alberta, Canada on behalf of the Issuer. The intent and purpose of the Technical Report is to provide a geological introduction to the Properties and to detail recent exploration completed on the Properties by Intermont, including; 1) geochemical rock sampling in 2019; 2) geochemical soil sampling in 2015, 2017 and 2018; 3) geophysical surveying in 2017; and 4) reverse-circulation drilling in 2017.

Based upon a review of available information, recent data from the Vendor's 2015 to 2019 exploration programs and the senior author's site visit, the authors conclude the following:

- The Vendor has identified several structural targets throughout both Properties that warrant additional drill testing.
- The ionic leach geochemical element results from the Grayson Property highlight a weak Au anomaly that extends across three soil lines and correlates with an Ag anomaly in the westernmost soil line. Three Ag-in-soil anomalies are situated within close proximity to a north-east trending fault running along the western portion of the Property. An Hg-in-soil anomaly is observed and extends approximately 3,600 ft (1,100 m) in width across the western side of the sampling grid. The highest arsenic (As) values of 842 and 1,135 ppb were collected from the eastern portion of the northernmost soil line. The identified anomalies warrant further exploration and testing.
- The ionic leach Au-in-soil results highlight two weakly anomalous areas over a projected northeast trending fault running through the Powerline Property. The Ag-in-soil data correlates with the weak gold anomaly and subtle Se anomaly in the northern most line, with the highest Ag values ranging from 255 to 580 ppb. The Au anomaly in the middle soil line correlates with elevated As and Se. This area warrants follow up exploration and testing.
- Recent geophysical data highlighted several magnetic anomalies throughout both Properties that are likely reflecting buried structures. Furthermore, the geophysical program survey results show that magnetic data acquisition should be acquired over other parts of the Properties.
- Initial drill testing at the Grayson Property did not reach target depth or penetrate below the volcanic cover in the majority of drillholes, however, significant alteration and sulphide mineralization was intersected in most of the five drillholes likely associated with a structure demonstrating proof of concept for targeting structures beneath pediment. Sulphides and alteration were observed in all five drillholes and the drilling program provided valuable information regarding the geology of the Grayson Property. Additional drill testing is warranted at the Grayson Property.
- The samples collected during the author's site visit confirmed the presence of gold, silver and antimony mineralization, with varying amounts of arsenic, mercury and thallium mineralization at surface at the Grayson Property.
- It is the opinion of the authors of the Technical Report that recent exploration completed at the Properties is appropriate for the deposit types being explored and has been carried out in a manner that meets industry standards. Furthermore, based upon the senior author's site visit and the results of the exploration work discussed in this report, it is the opinion of the authors that the Properties are "Properties of Merit" warranting continued exploration work. The authors are unaware of any unusual risk factors, other than those normally associated with mineral exploration, that might affect future exploration work and potential development of the Properties.

### ***Recommendations***

Exploration recommendations for the Issuer to locate structurally controlled epithermal and intrusion related gold mineralization at the Properties should focus on the structural analysis of each Property, guided by a two-phase approach. Phase 1 should include completion of the ionic leach analysis of the geochemical soil samples collected at the Grayson Property in 2018. Additionally, Phase 1 work should consist of detailed geological mapping and prospecting, with emphasis on structure, alteration and lithology. Phase 1 should also include gravity surveys, with 1800 and 1350 gravity stations recommended to cover the Grayson and Powerline Properties, respectively, with the stations spaced 656 ft (200 m) apart along 656 ft (200 m) grid lines.

Phase 2 exploration is dependent on the results of Phase 1 and should include test surveys comprising LiDAR surveys (light detection and ranging) coupled with photogrammetry using unmanned aerial vehicles (UAVs) to generate a detailed digital elevation model for each Property. Additional geophysical surveys, including seismic, should be tested to assist in identifying structures, determining depth to bedrock and as an indirect detection method to detect buried deposits. An intermediate scale test seismic reflection survey is recommended over the Grayson Property. The Phase 2 exploration should include RC drilling at both Properties. The recommended drilling at Grayson and Powerline will test targets generated from the Phase 1 exploration. The authors recommend a total of 4,724 ft (1,440 m) of RC drilling at the Grayson Property, as well as 3,150 ft (960 m) of RC drilling at the Powerline Property.

The estimated cost of the recommended Phase 1 work program at the Properties is US\$185,000 as shown in Table 18.1 below. The estimated cost of the recommended Phase 2 exploration and drilling program is US\$1,135,000, however, drilling in the Phase 2 program is dependent upon the results of the Phase 1 program. The overall cost including contingencies for the combined Phase 1 and 2 work programs is US\$1,390,000, as shown in Table 18.1.

**Table 18.1. Summary of estimated costs (in US dollars) for the recommended work programs at the Grayson and Powerline Properties.**

<b>Phase 1</b>					
<b>Activity Type</b>					<b>Cost</b>
Geological Mapping, Sampling & Consulting					\$45,000
Gravity Surveying, Processing and Interpretation					\$114,000
Ionic Leach analysis (614 samples)					\$26,000
<b>Phase 1 Activities Subtotal</b>					<b>\$185,000</b>
<b>Phase 2a</b>					
LiDAR & Photogrammetry					\$50,000
Shallow Seismic Surveying, Processing and Interpretation					\$125,000
Ongoing Mineral Claim Holding Costs					\$25,000
<b>Phase 2a Activities Subtotal</b>					<b>\$200,000</b>
<b>Phase 2b</b>					
<b>Property</b>	<b>Cost/ft (All-in)</b>	<b>Cost/m (approx.)</b>	<b>Quantity (ft)</b>	<b>Quantity (m)</b>	<b>Cost US\$</b>
Grayson (RC)	\$57/ft	\$187/m	4,724	1,440	\$270,000
Powerline (RC)	\$57/ft	\$187/m	3,150	960	\$180,000
<b>Drilling Subtotal</b>			<b>7,874</b>	<b>2,400</b>	<b>\$450,000</b>
<b>Phase 2b Activities Subtotal</b>					<b>\$900,000</b>
<b>Contingency (~5%)</b>					<b>\$65,000</b>
<b>Grand Total</b>					<b>\$1,350,000</b>

## INFORMATION CONCERNING THE RESULTING ISSUER

*The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer, after giving effect to the Transaction and the Financing. This section only includes information respecting the Resulting Issuer after the Transaction and Financing that is materially different from information provided earlier in this Filing Statement under "Information Concerning the Issuer" and "Information Concerning the Significant Assets".*

### **Corporate Structure**

The corporate structure of the Issuer will be unaffected by the Transaction. The Issuer will continue to be incorporated pursuant to the BCBCA.

The Resulting Issuer's head office will remain at 10545 - 45 Avenue NW, 250 Southridge, Suite 300, Edmonton, Alberta, T6H 4M9 and the registered and records office of the Resulting Issuer will remain at Suite 2080-777 Hornby Street, Vancouver, British Columbia.

The Resulting Issuer intends to incorporate a limited liability company under the laws of the State of Nevada as wholly owned subsidiary prior to the Closing Date to acquire the Properties. The Issuer will also retain the Option.

### **Narrative Description of the Business of the Resulting Issuer**

#### ***Forward-Looking Information***

Statements in the following sections concerning the future plans, objectives and milestones of the Resulting Issuer are "forward-looking information" and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which is expressed or implied by such forward-looking statements. Please refer to "*Forward-Looking Statements*" in this Filing Statement.

#### ***Principal Products and Operations***

Following completion of the Transaction, the Resulting Issuer will be a natural resource company engaged in the business of acquisition, exploration and development of precious metals properties, with its primary focus currently on the Properties, located in north central Nevada. The Resulting Issuer will be an exploration stage company with no producing properties and consequently no current operating income cash flow or revenues and provides no products or services to third parties. There is no assurance that a commercially viable mineral deposit will exist on any of the Resulting Issuer's properties. The Resulting Issuer intends to continue to evaluate, explore and develop the Properties through additional equity or debt financing. The Resulting Issuer's initial objectives are to complete exploration on the Properties with a view to development. Toward this end, the Resulting Issuer intends to undertake the exploration programs on the Properties recommended by Apex in the Technical Report. If the results of such programs merit further exploration, the Resulting Issuer may commence further exploration programs.

#### ***Specialized Skills and Knowledge***

Various aspects of the Resulting Issuer's business will require specialized skills and knowledge. Such skills and knowledge include the areas of exploration and development, geology, drilling, permitting, metallurgy, logistical planning, and accommodation and implementation of exploration programs, as well as legal compliance, finance and accounting. The Resulting Issuer expects to rely upon, consultants and others for exploration and development expertise, and in particular the Consultant. The Company does not anticipate any difficulties in locating competent employees and consultants in such fields and will upon the Closing Date, engage the Consultant pursuant to the Consulting Agreement to, among other things, assist in the completion of exploration activities on the Properties.

### ***Markets and Marketing***

The Resulting Issuer's principal products under exploration will be gold and silver. There is a global market into which any gold or silver produced could be sold and as a result the Resulting Issuer would not be dependent on a particular purchaser, if any, with regard to the sale of any such product produced. As the Resulting Issuer will not be producing in the foreseeable future, it will not be conducting any marketing activities and does not require a marketing plan or strategy.

### ***Competitive Conditions***

The mineral exploration and mining industry is competitive in all phases of exploration, development and production. The Resulting Issuer will compete with a number of other entities and individuals in the search for and the acquisition of attractive mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources than the Resulting Issuer, the Resulting Issuer may not be able to acquire attractive properties in the future on terms it considers acceptable. Finally, the Resulting Issuer will compete for investment capital with other resource companies, many of whom have greater financial resources and/or more advanced properties that are better able to attract equity investment and other capital. The abilities of the Resulting Issuer to acquire attractive mineral properties in the future depends not only on its success in exploring and developing its present properties, but also on its ability to select, acquire and bring to production suitable properties or prospects for exploration, mining and development. Factors beyond the control of the Resulting Issuer may affect the marketability of minerals mined or discovered by the Resulting Issuer. See "*Risk Factors*".

### ***Components***

All of the raw materials the Resulting Issuer will require to carry on its business are available through normal supply or business contracting channels in Nevada. The Resulting Issuer has secured personnel to conduct its currently contemplated programs. It is possible that delays or increased costs may be experienced in order to proceed with drilling activities during the current period. Such delays could significantly affect the Resulting Issuer if, for example, commodity prices fall significantly, thereby reducing the opportunity the Resulting Issuer may have had to develop a particular project had such tests been completed in a timely manner before the fall of such prices. In addition, assay labs are often significantly backlogged, thus significantly increasing the time that the Resulting Issuer waits for assay results. Such delays can slow down work programs, thus increasing field expenses or other costs (such as property payments which may have to be made before all information to assess the desirability of making such payment is known, or causing the Resulting Issuer to not make such a payment and terminate its interest in a property rather than make a significant property payment before all information is available).

### ***Cycles***

The Resulting Issuer's mineral exploration activities are not expected to be subject to seasonality relating to weather conditions, but the mining business is subject to global economic cycles which affect the marketability of products derived from mining.

### ***Intangible Properties***

The Resulting Issuer's business is not expected to be substantially dependent on the protection of any proprietary rights or technologies.

### ***Economic Dependence***

The Resulting Issuer's business will not be substantially dependent on a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

It is not expected that the Resulting Issuer's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

### ***Environmental Conditions***

All aspects of the Resulting Issuer's field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. With all projects at the exploration stage, the financial and operational impact of environmental protection requirements is minimal. Should any projects advance to the test mining or feasibility stage, then considerably more time and money would be involved in satisfying environmental protection requirements.

### ***Stated Business Objectives and Exploration and Development***

Upon the issuance of the Final Exchange Bulletin, the Resulting Issuer's short-term milestone will be the completion of the recommended exploration programs set forth in the Technical Report, please see "*Information Concerning the Significant Assets – the Properties*" for additional information. The Resulting Issuer may also complete additional property acquisitions upon the exercise of the Mineral Rights Option or otherwise.

The Resulting Issuer intends to complete the exploration activities as recommended in the Technical Report commencing in Summer 2020 with the Phase 1 work program. The Resulting Issuer's completion of the Phase 2 work program recommended in the Technical Report will be contingent upon the receipt of favorable results upon completion of the Phase 1 work program. Please refer to "*Information Concerning the Significant Assets-the Technical Report - Recommendations*" for a breakdown of these costs.

There are no known reserves or resources on the Resulting Issuer's properties and the proposed exploration programs on the Property are exploratory. See "*Risk Factors*". The Resulting Issuer plans to use its unallocated working capital to continue to expand its acquisition, exploration and development strategy.

There is significant uncertainty regarding government regulations for all work sites in the United States resulting from the COVID-19 pandemic. Government regulations could result in changes to the Resulting Issuer's exploration plans, which could result in the Resulting Issuer being forced to cancel its intended programs until 2021. See "*Risk Factors*".

Other than as described in this Filing Statement, there are no other particular significant events or milestones that must occur for the Resulting Issuer's initial business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

### **Description of the Securities**

Upon the Closing of the Transaction, the authorized share capital of the Resulting Issuer will be the same as the authorized share capital of the Issuer, and the Resulting Issuer Shares will have the same attributes as the Shares. See "*Information Concerning the Issuer – Description of Securities*". The Issuer will complete the Split immediately prior to the completion of the Transaction.

### **Pro Forma Consolidated Capitalization**

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Transaction, Financing and Split:

Designation of Security <sup>(1)</sup>	Amount Authorized	Amount Outstanding after Giving Effect to the Transaction	Amount Outstanding after Giving Effect to the Transaction and Minimum Financing	Amount Outstanding after Giving Effect to the Transaction and Maximum Financing
Common Shares <sup>(2)(3)</sup>	Unlimited	10,100,000	18,933,333	27,266,667
Options	10% of issued and outstanding shares at time of grant <sup>(4)</sup>	880,000 <sup>(5)</sup>	880,000 <sup>(5)</sup>	2,560,000 <sup>(6)</sup>
Share-Purchase Warrants	N/A <sup>(6)</sup>	220,000 <sup>(7)</sup>	9,053,333 <sup>(8)</sup>	17,886,667 <sup>(9)</sup>

Notes:

- (1) Pursuant to the pro forma balance sheet included as Schedule “E” of this Filing Statement, the Resulting Issuer will have a deficit of (\$107,066) as at March 31, 2020.
- (2) Assumes completion of the Split and no exercise of IPO Agent’s Warrants, Options or other outstanding securities of the Issuer.
- (3) Of these Resulting Issuer Shares, 4,000,000 will remain subject to the CPC Escrow Agreement. See “*Escrowed Securities*” below.
- (4) The number of stock options that the Resulting Issuer may grant is limited by the terms of the Stock Option Plan and Exchange Policies. See “*Information Concerning the Issuer – Stock Option Plan*”.
- (5) 880,000 Options outstanding at an exercise price of \$0.05 per Resulting Issuer Share until November 5, 2024.
- (6) Includes 880,000 Options outstanding at an exercise price of \$0.05 per Resulting Issuer Share until November 5, 2024 and a further 1,680,000 Options to be granted on the completion of the Transaction and Financing at an exercise price of \$0.15 per Share for a period of five years.
- (7) 220,000 IPO Agent’s Warrants having an exercise price of \$0.05 per Resulting Issuer Share and expiry date of November 5, 2021.
- (8) Includes 220,000 IPO Agent’s Warrants having an exercise price of \$0.05 per Share and expiry date of November 5, 2021, 8,333,333 Placement Warrants having an exercise price of \$0.20 per Resulting Issuer Share and expiry date of 24 months following the closing of the Financing, subject to accelerated expiry provisions and 500,000 Finders Warrants having an exercise price of \$0.20 per Resulting Issuer Share and expiry date of 24 months following the closing of the Financing, subject to accelerated expiry provisions.
- (9) Includes 220,000 IPO Agent’s Warrants having an exercise price of \$0.05 per Share and expiry date of November 5, 2021, 16,666,667 Placement Warrants having an exercise price of \$0.20 per Resulting Issuer Share and expiry date of 24 months following the closing of the Financing, subject to accelerated expiry provisions and 1,000,000 Finders Warrants having an exercise price of \$0.20 per Resulting Issuer Share and expiry date of 24 months following the closing of the Financing, subject to accelerated expiry provisions

***Fully diluted Share Capital***

The Resulting Issuer will have the following convertible securities outstanding, assuming completion of the Split:

- **Options:** The Resulting Issuer will have 880,000 outstanding Options entitling the holders to acquire 880,000 Resulting Issuer Shares at an exercise price of \$0.05 per Resulting Issuer Share expiring on November 5, 2024 and, assuming the completion of the Maximum Financing, will grant a further 1,680,000 Options entitling the holders to acquire 1,680,000 Resulting Issuer Shares at an exercise price of \$0.15 per Resulting Issuer Share expiring in five years.
- **IPO Agent’s Warrants:** The Resulting Issuer currently has 220,000 outstanding IPO Agent’s Warrants to purchase 220,000 Shares at an exercise price of \$0.05 per Share expiring on November 5, 2021.
- **Placement Warrants:** Pursuant the Financing, the Issuer will have outstanding a minimum of 8,333,333 Placement Warrants to purchase 8,333,333 Placement Warrant Shares and a maximum of 16,666,667 Placement Warrants to purchase 16,666,667 Placement Warrant Shares, at a price of \$0.20 per Placement Warrant Share for a period of 24 months following the completion of the Financing, subject to accelerated expiry provisions such that if the closing price of the Resulting Issuer Shares on the Exchange is equal to or greater than \$0.25 for a period of five consecutive trading days, the Issuer may, provide notice of the reduction of the remaining exercise period applicable to the Placement Warrants to a period of 30 days.

- **Finder’s Warrants:** Pursuant to the Financing, Finders may be issued up to 500,000 Finder’s Warrants to purchase an aggregate of up to 500,000 Finder’s Warrant Shares if the Minimum Financing is completed and up to 1,000,000 Finder’s Warrants to purchase an aggregate of up to 1,000,000 Finder’s Warrant Shares if the Maximum Financing is completed, at a price of \$0.20 per Finder’s Warrant Share for a period of 24 months following the completion of the Financing, subject to the accelerated expiry provisions applicable to the Placement Warrants.

The following table states the anticipated fully diluted share capital of the Resulting Issuer both before and after giving effect to the Transaction, Financing and Split:

Description of Security	Number of Securities after Giving Effective the Minimum Financing	Percentage of Total	Number of Securities after Giving Effective the Maximum Financing	Percentage of Total
Shares issued and outstanding before giving effect to the Transaction following the Split	9,600,000	33.26%	9,600,000	20.12%
Payment issuable pursuant to the Purchase Agreement <sup>(1)</sup>	1,000,000	3.46%	1,000,000	2.10%
Shares issuable pursuant to the Financing <sup>(2)</sup>	8,333,333	28.87%	16,666,667	34.93%
Share Reserved for issuance on exercise of Placement Warrants	8,333,333	28.87%	16,666,667	34.93%
Shares Reserved for issuance on exercise of IPO Agent’s Warrants	220,000	0.76%	220,000	0.46%
Shares Reserved for issuance on exercise of Finders Warrants <sup>(2)</sup>	500,000	1.73%	1,000,000	2.10%
Shares reserved for issuance on exercise of Options <sup>(3)</sup>	880,000	3.05%	2,560,000	5.37%
<b>Total</b>	<b>28,866,666</b>	<b>100%</b>	<b>47,713,334</b>	<b>100%</b>

Notes:

- (1) See “*Information Concerning the Transaction*” for more information.
- (2) See “*Information Concerning the Issuer – the Financing*” for more information.
- (3) See “*Information Concerning the Resulting Issuer – Options to Purchase Securities*” for more information.

## Available Funds and Principal Purposes

### Available Funds

Upon the Completion of the Transaction and Financing but after finder’s fee commissions and estimated remaining transactions costs, the Resulting Issuer anticipates it will have estimated working capital of \$1,150,000 if the Minimum Financing is completed and \$2,325,000 if the Maximum Financing is completed as follow:

<b>Source</b>	<b>Minimum Financing</b>	<b>Maximum Financing</b>
Working capital of the Issuer as at July 31, 2020	\$25,000	\$25,000
Net proceeds of the Financing <sup>(1)</sup>	\$1,175,000	\$2,350,000
Less estimated remaining transaction costs	(\$50,000)	(\$50,000)
<b>Total</b>	<b>\$1,150,000</b>	<b>\$2,325,000</b>

A pro forma consolidated balance sheet of the Resulting Issuer as at March 31, 2020, giving effect to the Transaction and Financing, is attached to this Filing Statement as Schedule “E”.

### ***Principal Purpose of Funds***

It is the Resulting Issuer’s intention to use these funds for a period of twelve months after the completion of the Transaction as follows:

<b>Use of Available Funds</b>	<b>Budget Expenditure if Minimum Financing</b>	<b>Budgeted Expenditure if Maximum Financing</b>
Remaining Cash Payments due to the Vendor pursuant to the Purchase Agreement	\$202,500	\$202,500
Recommended Phase 1 Exploration Program on the Properties	\$249,750	\$249,750
Estimated general and administrative costs over the 12 months following the Bulletin Date <sup>(2)</sup>	\$417,080	\$417,080
Unallocated working capital <sup>(3)</sup>	\$280,670	\$1,480,670
<b>Total</b>	<b>\$1,150,000</b>	<b>\$2,325,000</b>

#### **Notes:**

- (1) See “*Information Concerning the Transaction – Purchase Agreement*”. The aggregate cash payments due to the Vendor on the Closing Date are US\$150,000 (converted to CDN dollars at a rate of US\$1.00=CDN \$1.35)
- (2) See “*Information Concerning the Significant Assets – Technical Report*” above for a description of the Properties and the phase 1 exploration work program recommended in the Technical Report of US\$185,000 (converted to CDN dollars at a rate of US\$1.00= CDN \$1.35).
- (3) General and administrative costs for the next 12 months are expected to comprise: executive compensation of \$120,000, consulting fees of \$194,400 (including fees payable pursuant to the Consulting Agreement for 12 months of US\$44,000 converted to CDN dollars at a rate of US\$1.00=CDN\$1.35), public relations and marketing fees of \$12,000, professional fees of \$57,000, regulatory and filing fees of \$14,000 and office rent and administrative expenses of \$19,680.
- (4) Unallocated costs will be added to the working capital of the Resulting Issuer and invested in short-term interest-bearing obligations.

The Resulting Issuer intends to spend the funds available to it upon completion of the Transactions to further the Resulting Issuer’s stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

### **Dividends**

There will be no restrictions in the Resulting Issuer’s articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Transaction. All of the Resulting Issuer’s Shares are entitled

to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

### Principal Security Holders

To the knowledge of the directors and senior officers of the Issuer, upon completion of the Transaction and Financing, no persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities (being Resulting Issuer Shares) of the Resulting Issuer.

### Directors and Officers

The Issuer's current directors are Sean Mager (President, Chief Executive Officer and Corporate Secretary), Chris Beltgens (Chief Financial Officer), Jeremy Yaseniuk, John Williamson and James Greig, all of whom will remain as directors following the completion of the Transaction. There will be no changes in the management of the Resulting Issuer.

The term of office of each of the present directors expires at the Issuer's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or with the provisions of the BCBCA.

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the province and municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Transaction and the Financing.

<b>Name, Municipality of Residence, Proposed Offices</b>	<b>Principal Occupation During Last Five Years</b>	<b>Term of Such Position</b>	<b>Number of Shares upon completion of the Transaction</b>	<b>Percentage of Class Held or Controlled on completion of the Transaction and Minimum Financing<sup>(1)</sup></b>	<b>Percentage of Class Held or Controlled on completion of the Transaction and Maximum Financing</b>
Sean Mager, Edmonton, AB., Director, CEO and Corporate Secretary	Principal of 859053 Alberta Ltd. from December 1999 to present; Director of Altiplano Metals Inc. from October 2010 to present; Director of Benchmark Metals Inc. from February 2013 to present and CFO of Benchmark Metals Inc. from March 2018 to present; CFO, COO and Director of Brilliant Resources Inc. from September 2003 to May 2015; Director, VP and CFO of North Country Gold Corp. from February 2010 to September 2015	Director and Officer of the Issuer since June 25, 2018	1,200,000	6.34%	4.40%

<b>Name, Municipality of Residence, Proposed Offices</b>	<b>Principal Occupation During Last Five Years</b>	<b>Term of Such Position</b>	<b>Number of Shares upon completion of the Transaction</b>	<b>Percentage of Class Held or Controlled on completion of the Transaction and Minimum Financing<sup>(1)</sup></b>	<b>Percentage of Class Held or Controlled on completion of the Transaction and Maximum Financing</b>
Chris Beltgens, Vancouver, B.C., Director and Chief Financial Officer	Vice President, Corporate Development of TAG Oil Ltd. from April 2016 to present; Corporate Development Manager of East West Petroleum Corp. from April 2013 to March 2016	Director and Officer of the Issuer since June 25, 2018	400,000	2.11%	1.47%
John Williamson <sup>(2)</sup> , Edmonton, A.B. , Director	President of 678119 Alberta Ltd. from January 1996 to present; Chairman, and a Director of Altiplano Metals Inc. from March 2010 to present and President and CEO from March 2010 to August 2019; CEO and a Director of Camino Minerals Corporation from August 2018 to January 2020; CEO and a Director of Benchmark Metals Inc. from March 2018 to present; Director of Scottie Resources Corp. from February 2018 to present; Director of QX Metals Corp. from June 2016 to present; Chairman, Director and CEO of North Country Gold Corp. from February 2010 to September 2015; Chairman, Director and CEO of Brilliant Resource Inc. from September 2003 to February 2016	Director of the Issuer since June 25, 2018	1,200,000 <sup>(3)</sup>	6.34%	4.40%
Jeremy Yaseniuk <sup>(2)</sup> , Vancouver, B.C. , Director	Principal of Brighton Management from June 1996 to present; Director of Altiplano Metals Inc. from June 2017 to present; Investor relations of Velocity Minerals Inc. from March 2009 to June 2015	Director of the Issuer since June 25, 2018	800,000	4.23%	2.93%
James Greig <sup>(2)</sup> , Vancouver, B.C., Director	President and Director of Benchmark Metals Inc. from January 2013 to present; Director of Cluny Capital Corp. from May 2018 to present; Director of GFG Resources Inc. from May 2012 to April 2015	Director of the Issuer since June 25, 2018	400,000	2.11%	1.47%

**Notes:**

- (1) Based on the number of Resulting Issuer Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Filing Statement, assuming the completion of the Split, Transaction, Financing and related transactions.
- (2) Member of the audit committee.

(3) Held by 678119 Alberta Ltd., private company controlled by John Williamson.

At the Completion of the Transaction, the directors and officers of the Resulting Issuer as a group will directly own 4,000,000 Resulting Issuer Shares representing approximately 21.13% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis).

The Resulting Issuer's audit committee will comprise John Williamson, James Greig and Jeremy Yaseniuk.

There will be no other committees of the Board at this time.

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Resulting Issuer. See also "*Management*" below. It is expected that the all of the directors and officers of the Resulting Issuer will be independent contractors.

## **Management**

The following is a brief description of the key management of the Resulting Issuer.

**Sean Mager**, President, Chief Executive Officer, Corporate Secretary and Director, (Age: 53)

Mr. Mager holds a B. Comm. and has worked or been involved in financial audit, management and analysis since 1989. He has been involved in, or responsible for, financial reporting of public entities, including the preparation, audit, analysis and evaluation of financial statements, as well as the supervision of individuals engaged in such activities. He has extensive knowledge and experience in accounting and financial reporting for natural resource issuers and the accounting issues specific to such issuers. He has held several financial positions in both the public and private sectors and has been a member of the audit committee of public issuers. Mr. Mager has served as the Chief Financial Officer of Benchmark Metals Inc., Brilliant Resources Inc. and North Country Gold Corp. and as a member of the audit committee of Altiplano Minerals Ltd., Benchmark Metals Inc. North Country Gold Corp., and Brilliant Resources Inc., among others.

**Chris Beltgens**, Chief Financial Officer and Director (Age: 42)

Mr. Beltgens has over 10 years of investment, business development and corporate finance experience. Since April 2016, he has been the Vice President of Corporate Development for TAG Oil Ltd., a TSX listed international production oil and gas company with operations in New Zealand and Australia. Mr. Beltgens previously spent six years in London working in investment banking covering international oil and gas exploration and production companies where he assisted in raising capital for the sector. He has worked on a number of mandates for international exploitation and production companies, including initial public offerings, secondary financings and providing strategic advice at both the corporate and asset levels. He is currently the CFO and Corporate Secretary and a director of Seashore Resource Partners, an Exchange listed Capital Pool Companies. Mr. Beltgens has completed the CFA program, received an MBA from the University of Toronto and a Bachelor of Science degree from the University of Victoria.

**John Williamson**, Director, (Age: 59)

Mr. Williamson is the President of 678119 Alberta Ltd., a private company which provides management and geological consulting services to several junior mineral exploration companies. Mr. Williamson is currently a director of Benchmark Metals Inc., QX Metals Corp. and Scottie Resources Corp. Mr. Williamson served as a director of Brilliant Resources Inc. (now, Founders Advantage Capital Corp.) from September 2003 to February 2016, and as its Chief Executive Officer from September 2013 to April 2015, and as its Chairman from June 2011 to June 2014. He served as Chief Executive Officer and a director of North Country Gold Corp. from February 2010 to September 2015. Mr. Williamson has previously served as a director or officer of numerous other reporting issuers. Mr. Williamson holds a B.Sc. in Geology and is a registered Professional Geologist with the Association of Professional Engineers and Geoscientists and the Geological Association of Canada.

**Jeremy Yaseniuk, Director, (Age: 50)**

Mr. Yaseniuk is a management professional with more than 20 years of experience in business financing, restructuring, recapitalizing and assisting public companies. He has aided more than 12 public companies with going public and facilitated restructuring debt for three, directly raised more than \$25 million and assisted in raising more than \$300 million as a group effort. His previous positions as Broker, CFO, Chief Compliance Officer, Director and Manager of Growth and Development have provided an understanding of business and the capital markets in addition to creating his professional network.

**James Greig, Director (Age: 50)**

Mr. Greig holds an MBA from the University of Calgary and a BA Geography from Carleton University. Mr. Greig is currently engaged with several publicly-listed mineral exploration companies as a consultant. Mr. Greig served as Chief Financial Officer and a Director of GFG Resources Inc. and as a member of the audit committee. Mr. Greig recently served at Keegan Resources Inc. as part of the mine development team advancing the 5 million ounce Esaase Gold Project in West Africa. With 20 years in the resource sector, he brings comprehensive experience in exploration, development and mineral production. Selected employment or consulting engagements within the resource sector include the Hunter-Dickinson Group, Kennecott Canada, Breakwater Resources Ltd, McIntosh Engineering and Stantec Engineering.

**Promoter Consideration**

No person will be or has been within the two years preceding the date of this Filing Statement a promoter of the Resulting Issuer, other than its directors and officers. In the two years preceding the date of this Filing Statement, other than the subscription for Shares, no promoter of the Issuer or Resulting Issuer, or their affiliates or associates has received anything of value from the Issuer Resulting Issuer or their affiliates or associates or have sold to the Issuer, Resulting Issuer or their affiliates or associates any assets.

**Corporate Cease Trade Orders or Bankruptcies**

As at the date of this Filing Statement and within the ten years before the date of this Filing Statement, no director, officer or proposed director or officer, promoter or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director, officer or promoter of any company (including the Resulting Issuer) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

**Penalties or Sanctions**

No current or proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Transaction.

### Personal Bankruptcies

No current or proposed director, officer, promoter, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person, that has, within the ten years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

### Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. All conflicts of interest will be resolved in accordance with the BCBCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see "*Other Reporting Issuer Experience*" directly below.

### Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer who are, or have been within the last five years, directors, officers or promoters of other reporting issuers, other than the Issuer:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Name of Trading Market	Position	Period
Sean Mager	Altiplano Metals Inc.	TSXV	Director	October 2010 to present
	Benchmark Metals Inc.	TSXV	Director	February 2013 to present
			CFO	March 2018 to present
	Founders Advantage Capital Corp. (formerly Brilliant Resources Inc.)	TSXV	CFO, COO and Director	September 2003 to May 2015
	North Country Gold Corp.	TSXV	Director, VP & CFO	February 2010 to September 2015
Mariner Resources Corp.	CSE	Director	May 2019 to Present	

<b>Name of Director, Officer or Promoter</b>	<b>Name of Reporting Issuer</b>	<b>Name of Trading Market</b>	<b>Position</b>	<b>Period</b>
Chris Beltgens	POSaBIT Systems Corporation (formerly Foreshore Exploration Partners Corp.)	CSE	CEO, CFO & Director	June 2017 to April 2019
	Delphx Capital Markets Inc. (formerly Seaside Exploration Partners Corp.)	TSXV	CFO, Corporate Secretary & Director	October 2017 to April 2018
	MCorpCX Inc.	TSXV	Director	May 2017 to August 2017
	Seashore Resource Partners Corp.	TSXV	CFO, Corporate Secretary & Director	September 2017 to Present
Jeremy Yaseniuk	Altiplano Metals Inc.	TSXV	Director	June 2017 to present
	Camino Minerals Corporation	TSXV	Director	August 2018 to February 2020
James Greig	Benchmark Metals Inc.	TSXV	President & Director	February 2013 to present
	Cluny Capital Corp.	TSXV	Director	May 2018 to present
	GFG Resources Inc.	TSXV	Director and CFO	May 2012 to present
	Montego Resources Inc.	CSE	Director	January 2019 to Present
	Camino Minerals Corporation	TSXV	Director	April 2019 to Present
John Williamson	Altiplano Metals Inc.	TSXV	Chairman & Director	March 2010 to present
			CEO	March 2010 to August 2019
	Benchmark Metals Inc.	TSXV	CEO & Director	March 2018 to present
	Founders Advantage Capital Corp. (formerly Brilliant Resources Inc.)	TSXV	Chairman, CEO & Director	September 2003 to February 2016
	North Country Gold Corp.	TSXV	Chairman, CEO & Director	February 2010 to September 2015
	Scottie Resources Corp. (formerly Rotation Minerals Ltd.)	TSXV	Director	February 2018 to present
	QX Metals Corp. (formerly Black Sea Copper and Gold Corp.)	TSXV	Director	June 2016 to present
	Mariner Resources Corp.	CSE	CEO and Director	May 2019 to Present

Name of Director, Officer or Promoter	Name of Reporting Issuer	Name of Trading Market	Position	Period
	Camino Minerals Corporation	TSXV	CEO and Director	August 2018 to January 2020

## Executive Compensation

The Issuer is currently prohibited from paying remuneration (including salaries, consulting fees, management or directors, fees, etc.) to Non-Arm's Length Parties or to persons engaged in Investor Relations Activities pursuant to the CPC Policy until it has completed a Qualifying Transaction and a Final Exchange Bulletin has been issued therefore. The Issuer may reimburse Non-Arm's Length Parties for rent, secretarial services and other general and administrative expenses at fair market value. Directors and officers of the Issuer have been granted Options under the Stock Option Plan. See "Information Concerning the Issuer – Stock Option Plan" for additional information.

### Director and Named Executive Officer Compensation

Set out below is a summary of the anticipated compensation for each of the Resulting Issuer's four most highly compensated executive officers for the 12-month period after giving effect to the Transaction, to the extent known:

*Summary Compensation Table  
For the 12 months following the completion of the Transaction*

Table of compensation excluding compensation securities							
Name and position	Period	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Sean Mager, President & CEO, Corporate Secretary	12 months following Acquisition	90,000	Nil	Nil	Nil	Nil	90,000
Chris Beltgens, Chief Financial Officer & Director	12 months following Acquisition	30,000	Nil	Nil	Nil	Nil	30,000
Jeremy Yaseniuk, Director	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil
John Williamson, Director	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil
James Greig, Director	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil

### ***Stock option plans and other incentive plans***

The Resulting Issuer will continue to utilize the Stock Option Plan, the material terms of which are described above at “*Information Concerning the Issuer – Stock Option Plan*”.

### ***Employment, consulting and management agreements***

The Resulting Issuer does not initially expect enter into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO.

### ***Oversight and Description of Director and Named Executive Officer Compensation***

Upon completion of the Transaction, it is anticipated that the Resulting Issuer will adopt a compensation program intended to compensate the executive officers for their services to the Resulting Issuer at a level that is both in line with the Resulting Issuer’s fiscal resources and competitive with companies at a similar stage of development.

The Board intends to implement three levels of compensation to align the interests of the executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Resulting Issuer will not provide pension or other benefits to the executive officers. The Resulting Issuer will not initially have pre-existing performance criteria or objectives. All significant elements of compensation awarded to, earned by, paid or payable to NEOs will be determined by the Resulting Issuer on a subjective basis. The Resulting Issuer will not initially use any peer group to determine compensation for its directors and NEO.

The Board has the responsibility to administer compensation policies related to executive management of the Issuer, including option-based awards. The Board has approved the Stock Option Plan pursuant to which the Board has granted stock options to directors. The Stock Option Plan provides compensation to participants and an additional incentive to work toward long-term company performance. The Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Resulting Issuer. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of shareholders.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Resulting Issuer’s financial resources and prospects.

### ***Pension Disclosure***

The Resulting Issuer does not expect to have any pension or retirement plan which is applicable to the NEOs or directors.

### ***Indebtedness of Directors and Officers***

No director, officer, promoter, or proposed member of management or appointment as a director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to the Issuer since the commencement of the Issuer’s last completed financial year, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Transaction.

## Investor Relations Arrangements

No written or oral agreement has been reached with any person to provide promotional or investor relations activities for the Resulting Issuer.

## Options to Purchase Securities

The Resulting Issuer will continue to utilize the Stock Option Plan which permits the reservation of a maximum of 10% of the issued and outstanding shares of the Resulting Issuer as of the date of grant of stock options under such plan. The principal terms of the Stock Option Plan are discussed at “*Information Concerning the Issuer – Stock Option Plan*”.

As of the date of this Filing Statement and assuming completion of the Split, the Resulting Issuer has 880,000 Options outstanding, all of which are exercisable at a price of \$0.05 per Share until November 5, 2024, although in accordance with their terms the Options will terminate on the later of 12 months after completion of the Qualifying Transaction and 90 days after the holder ceasing to be engaged by the Issuer.

In connection with the Transaction and assuming the completion of the Maximum Financing, the Resulting Issuer anticipates granting 1,680,000 Resulting Issuer Options to purchase 1,680,000 Resulting Issuer Shares at a price of \$0.15 per Resulting Issuer Share, a five-year term, to proposed directors, officers, consultants and employees of the Resulting Issuer and its Affiliates.

The table below indicates the groups who will to hold options to purchase common shares of the Resulting Issuer upon completion of the Transaction and Maximum Financing.

### OUTSTANDING OPTIONS

<b>Optionee</b>	<b>Securities Under Options Granted (#)</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Expiration Date<sup>(1)</sup></b>
Directors of the Issuer (not including directors that are also officers) (3)	528,000	\$0.05	November 5, 2024
	500,000	\$0.15	Five years from the Listing Date
Officers of the Issuer (2)	352,000	\$0.05	November 5, 2024
	400,000	\$0.15	Five years from the Listing Date
Employees (nil)	Nil	N/A	N/A
Consultants (10)	780,000	\$0.15	Five years from the Listing Date
<b>Total</b>	2,560,000		

The table below indicates the number of Options to be held by each director and officer upon completion of the Transaction and Maximum Financing.

Name	Resulting Issuer Shares Under Option	Exercise Price	Expiration Date
Sean Mager, CEO, President, Corporate Secretary and Director	176,000	\$0.05	November 5, 2024
	400,000	\$0.15	Five years from the Listing Date
Chris Beltgens, CFO and Director	176,000	\$0.05	November 5, 2024
John Williamson, Director	176,000	\$0.05	November 5, 2024
	300,000	\$0.15	Five years from the Listing Date
Jeremy Yaseniuk, Director	176,000	\$0.05	November 5, 2024
	100,000	\$0.15	Five years from the Listing Date
James Greig, Director	176,000	\$0.05	November 5, 2024
	100,000	\$0.15	Five years from the Listing Date

### Escrowed Securities

The following table sets out the holders of escrowed securities, the number of securities held in escrow, and the percentage of securities held in escrow by each person who will be a holder of escrowed securities before and after the completion of the Transaction. The table includes securities which will be released from escrow concurrently with the Transaction, as described below.

Name and Municipality of Resident of Security Holder	Designation of Class	Before Giving Effect to the Transaction, Financing and Split		After Giving Effect to the Transaction, Financing and Split		
		Number of Securities Held in Escrow <sup>(1)</sup>	Percentage of Class	Number of Securities to be held in Escrow <sup>(1)</sup>	Percentage of Class – Minimum Financing <sup>(2)</sup>	Percentage of Class – Maximum Financing <sup>(2)</sup>
Sean Mager, Edmonton, Alberta	Common Shares	600,000	12.50%	1,200,000	6.34%	4.40%
Chris Beltgens, Vancouver, British Columbia	Common Shares	200,000	4.17%	400,000	2.11%	1.47%
Toby Pierce, Vancouver, B.C.	Common Shares	200,000	4.17%	400,000	2.11%	1.47%
Jeremy Yaseniuk, Vancouver, B.C.	Common Shares	400,000	8.33%	800,000	4.23%	2.93%

Name and Municipality of Resident of Security Holder	Designation of Class	Before Giving Effect to the Transaction, Financing and Split		After Giving Effect to the Transaction, Financing and Split		
		Number of Securities Held in Escrow <sup>(1)</sup>	Percentage of Class	Number of Securities to be held in Escrow <sup>(1)</sup>	Percentage of Class – Minimum Financing <sup>(2)</sup>	Percentage of Class – Maximum Financing <sup>(2)</sup>
Andrea Fehsenfeld, Vancouver, B.C.	Common Shares	200,000	4.17%	400,000	2.11%	1.47%
Justin Bourassa, Edmonton, Alberta	Common Shares	200,000	4.17%	400,000	2.11%	1.47%
678119 AB Ltd., Edmonton, Alberta <sup>(3)</sup>	Common Shares	600,000	12.50%	1,200,000	6.34%	4.40%
James Greig, Vancouver, B.C.	Common Shares	200,000	47%	400,000	2.11%	1.47%
<b>Total</b>	<b>Common Shares</b>	<b>2,600,000</b>	<b>54.17%</b>	<b>5,200,000</b>	<b>27.46%</b>	<b>19.08%</b>

Notes:

- (1) All of the above Shares are held pursuant to the CPC Escrow Agreement.
- (2) Common share percentage of class assumes no exercise of the Options or IPO Agent's Warrants.
- (3) A private Alberta corporation controlled by John Williamson.

The Shares held under the CPC Escrow Agreement include the following principal terms:

- o 10% of the escrowed Shares will be released from escrow on Closing of the Qualifying Transaction;
- o The remaining escrowed Shares will be released in six tranches of 15% every six months following completion of the Qualifying Transaction;
- o While in escrow, none of the escrowed Shares can be transferred, either directly or indirectly through a change in control of a holding company without the consent of the Exchange;
- o If the Issuer fails to complete a Qualifying Transaction or is delisted by the Exchange for any other reason, all the seed Shares remaining in escrow will be cancelled; and
- o If the Resulting Issuer is elevated to the status of a Tier 1 Issuer on the Exchange at any time, releases of the Shares held in escrow will be accelerated in accordance with the Escrow Policy.

### Auditor, Transfer Agent and Registrar

On the Bulletin Date, the auditor of the Resulting Issuer will remain DeVisser Gray LLP. The registrar and transfer agent of the Resulting Issuer Shares will continue to be Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

## GENERAL MATTERS

### Sponsorship

The Issuer has obtained an exemption from the Exchange of the sponsorship requirement in connection with the Transaction pursuant to the Sponsorship Policy on the basis that: that: (a) the Resulting Issuer will not be a foreign issuer or the holder of a foreign property upon completion of the Transaction; (b) the board of directors and management of the Resulting Issuer meet a high standard and collectively possess appropriate experience, qualifications and history, having positive records with junior companies and appropriate technical and other

experiences with public companies in Canada and the United States, and (c) the Resulting Issuer will be a mining issuer, satisfying the initial listing requirements for a Tier 2 Issuer and will have a current technical report on its material mineral property.

### **Experts**

DeVisser Gray LLP, Chartered Professional Accountants, prepared the auditor's report for the audited annual financial statements of the Issuer for the period from incorporation on June 25, 2018 and ended December 31, 2018 and for the year ended December 31, 2019, which is attached as Schedule "A" hereto. DeVisser Gray LLP, Chartered Professional Accountants, the Issuer's auditor, is independent in accordance with the Code of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

The Issuer retained APEX Geoscience Ltd. to prepare the Technical Report, which is available on SEDAR under the Issuer's profile at [www.sedar.com](http://www.sedar.com). The Technical Report is described at "*Information Concerning the Significant Assets –The Properties*".

To the knowledge of the Issuer, none of the experts above or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of the Issuer, has received or will receive any direct or indirect interests in the property of the Issuer or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or any Associate or Affiliate thereof.

### **Other Material Facts**

To the knowledge of management of the Issuer, there are no other material facts relating to the Issuer, the Properties, the Resulting Issuer or, the Transaction that are not otherwise disclosed in this Filing Statement and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and the Resulting Issuer, assuming completion of the Transaction.

### **Board Approval**

The board of directors of the Issuer has approved this Filing Statement.

**SCHEDULE "A"**

**AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE PERIOD FROM INCORPORATION  
ON JUNE 25, 2018 TO DECEMBER 31, 2018 AND FOR THE YEAR ENDED DECEMBER 31, 2019**

# **CORTUS METALS INC.**

Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

## **Independent Auditor's Report**

To the Shareholders of Cortus Metals Inc.

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Cortus Metals Inc., which comprise the statements of financial position as at December 31, 2019 and December 31, 2018, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2019 and for the period from incorporation on June 25, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cortus Metals Inc. as at December 31, 2019 and December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Cortus Metals Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Cortus Metals Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Cortus Metals Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Cortus Metals Inc.'s financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cortus Metals Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Cortus Metals Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Cortus Metals Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

## **CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC, Canada  
April 29, 2020

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

As at	December 31 2019	December 31 2018
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 181,357	\$ 94,187
Amounts receivable	5,541	-
Prepayments and deposits	2,000	15,000
	<b>188,898</b>	109,187
Exploration and evaluation properties (note 4)	25,040	-
Amounts receivable	17,675	-
<b>Total assets</b>	<b>\$ 231,613</b>	<b>\$ 109,187</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 17,254	\$ -
<b>Shareholders' equity</b>		
Share capital (note 5)	288,868	110,000
Option and warrant reserve	30,800	-
Deficit	(105,309)	(813)
	<b>214,359</b>	109,187
<b>Total liabilities and shareholders' equity</b>	<b>\$ 231,613</b>	<b>\$ 109,187</b>

Nature of operations (note 1)  
 Subsequent events (note 9)

Approved by the Board of Directors

Director (signed by) "Sean Maqer"

Director (signed by) "John Williamson"

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

CORTUS METALS INC.  
Statements of Loss and Comprehensive Loss  
Expressed in Canadian Dollars

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<b>For the years(*) ended</b>	<b>December 31 2019</b>	<b>December 31 2018</b>
<b>Expenses</b>		
Initial listing expenses	\$ 25,592	\$ -
Office and administration	1,471	330
Professional fees	27,703	483
Regulatory and filing fees	23,330	-
Share-based compensation (note 5)	26,400	-
	<hr/>	<hr/>
<b>Net loss and comprehensive loss</b>	<b>\$ (104,496)</b>	<b>\$ (813)</b>
	<hr/>	<hr/>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.04)</b>	<b>\$ (0.00)</b>
	<hr/>	<hr/>
<b>Basic and diluted weighted average number of common shares outstanding</b>	<b>2,848,219</b>	<b>2,200,000</b>
	<hr/>	<hr/>

*\*The 2018 period referenced above is from the date of incorporation (June 25, 2018) to December 31, 2018.*

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

CORTUS METALS INC.  
 Statements of Changes in Equity  
 Expressed in Canadian Dollars

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	Share capital	Option and warrant reserve	Deficit	Total equity
<b>Balance at June 25, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Shares issued for cash (note 5)	110,000	-	-	110,000
Net loss	-	-	(813)	(813)
<b>Balance at December 31, 2018</b>	<b>\$ 110,000</b>	<b>\$ -</b>	<b>\$ (813)</b>	<b>\$ 109,187</b>
Shares issued for cash (note 5)	240,000	-	-	240,000
Share issuance costs - cash	(56,732)	-	-	(56,732)
Share issuance costs – non-cash (note 5)	(4,400)	4,400	-	-
Options issued (note 5)	-	26,400	-	26,400
Net loss	-	-	(104,496)	(104,496)
<b>Balance at December 31, 2019</b>	<b>\$ 288,868</b>	<b>\$ 30,800</b>	<b>\$ (105,309)</b>	<b>\$ 214,359</b>

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

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

For years(*) ended	December 31 2019	December 31 2018
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss	\$ (104,496)	(813)
Changes in non-cash working capital:		
Receivables	(23,216)	-
Prepayments	13,000	(15,000)
Accounts payable and accrued liabilities	17,254	-
Share based compensation	26,400	-
Cash used in operating activities	<u>(71,058)</u>	<u>(15,813)</u>
<b>Investing activities</b>		
Exploration and evaluation property acquisition payments (note 4)	(25,040)	-
Cash used in investing activities	<u>(25,040)</u>	-
<b>Financing activities</b>		
Proceeds from issuance of share capital (note 5)	240,000	110,000
Share issuance costs	(56,732)	-
Cash provided by financing activities	<u>183,268</u>	<u>110,000</u>
<b>Net increase in cash</b>	<b>87,170</b>	<b>94,187</b>
Cash, beginning of year(*)	<u>94,187</u>	-
<b>Cash, end of year(*)</b>	<b>\$ 181,357</b>	<b>94,187</b>

The Company did not pay or receive any interest or dividends in the years ended December 31, 2019 and 2018.

*\*The 2018 period referenced above is from the date of incorporation (June 25, 2018) to December 31, 2018.*

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

## CORTUS METALS INC.

### Notes to the Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

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#### 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 November 18, 2019, the Company entered into a binding letter agreement whereby Cortus will acquire an aggregate 100% interest in and to the Grayson and Powerline properties. The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV (note 4).

The Company's ongoing operations are ultimately dependent upon the success of its business activities and its ability to attain profitable operations and generate funds therefrom and/or to raise equity capital or borrowings sufficient to meet current and future obligations. Management expects to finance operating costs over the next twelve months with public and private financing endeavors.

The Company has no source of operating revenue, has incurred net losses since inception and as at December 31, 2019 has an accumulated deficit of \$105,309. Its continued existence will be dependent on the receipt of related party debt or equity financing on terms which are acceptable to the Company.

#### 2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 April 29, 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. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

##### a) Management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its 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.

CORTUS METALS INC.

Notes to the Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

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The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

*Judgments*

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Financial instruments

Financial instruments are recognized on the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flow from assets have expired or have been transferred and the Company has transferred all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expires. All financial instruments are initially recognized at fair value and measurement in subsequent periods is dependent upon the classification of the financial instrument.

i) Financial assets

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded in profit or loss.

*Amortized cost*

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash is recorded at amortized cost as they meet the required criteria.

ii) Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

## CORTUS METALS INC.

### Notes to the Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

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Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

#### d) Exploration and evaluation properties

Exploration and evaluation property acquisition costs and exploration costs directly related to specific properties are deferred, commencing on the date that the Company acquires legal rights to explore a property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. Exploration costs may include costs such as materials used, surveying costs, drilling costs, payments made to contractors, analysing historical exploration data, geophysical studies, and depreciation on equipment used during the exploration stage. All other costs, including administrative overhead are expensed as incurred. If the properties are put into commercial production, the acquisition and exploration expenditures will be depleted using the units of production basis based upon the proven reserves available. If the properties are sold or abandoned, these expenditures will be written off.

Where the Company's exploration commitments for an area of interest are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations.

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount. Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties.

#### e) Share-based payment transactions

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and recorded as an expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to mineral interests with a corresponding increase in share-based payment reserves. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserves amount is transferred to share capital.

#### f) Comprehensive income (loss) and equity

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources. When applicable, components of OCI are recorded net of related income taxes. Cumulative changes in OCI are included in accumulated other comprehensive income ("AOCI"), which is presented as a category of equity in the statements of changes in equity.

#### g) Income (loss) per share

Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the

## CORTUS METALS INC.

### Notes to the Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

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dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

#### h) Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxation authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

#### i) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the financial statements upon adoption of these pronouncements.

IFRS 16 – *Leases*, eliminates the classification of leases as either operating or finance leases and requires the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less, or the underlying asset has a low value. The amended standard is effective for annual periods beginning on or after January 1, 2019.

#### 4. Exploration and evaluation properties

On November 18, 2019, the Company entered into a binding letter agreement (the "LOI") whereby Cortus will acquire an aggregate 100% interest in and to the Grayson and Powerline mineral properties (the "Properties") located in the State of Nevada, USA. The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV.

Pursuant to the LOI, and subject to execution of a definitive purchase agreement, Cortus will acquire a 100% interest in the Properties for the following consideration:

- i. cash payments of USD\$19,400 as a non-refundable deposit upon signing the LOI (paid), USD\$75,000 (advanced subsequent to December 31, 2019 and an additional USD\$30,000 subsequently approved by the TSX Venture – see Note 9) as an interim refundable loan prior to closing the transaction, which the

## CORTUS METALS INC.

### Notes to the Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

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advance is to be credited towards the Company's payments for the Properties, and a further USD\$75,000 upon closing the transaction (together, the "Cash Payments" totaling USD\$199,400);

- ii. the issuance of 1,000,000 common shares in the capital of the Company;
- iii. the grant of a 2.0% net smelter returns royalty on each property (the "Royalties"), with a buy down provision of USD\$1,000,000 for each 1% (no value assigned).

Cortus will have the right to acquire additional properties held by the vendor within a defined area of interest for a period of sixty (60) months for consideration of 300,000 common shares of the Company per additional property acquired. The Company will retain the further right to buy out each of the Royalties at any time for a payment of USD\$1,000,000 per percentage of each of the Royalties.

## 5. Share capital

### a) Common shares

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

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

	Number of shares	Amount
<b>Balance at June 25, 2018</b>	-	\$ -
Shares issued for cash	2,200,000	110,000
	<hr/>	<hr/>
<b>Balance at December 31, 2018</b>	<b>2,200,000</b>	<b>\$ 110,000</b>
Shares issued for cash	2,600,000	240,000
Share issuance costs (cash)	-	(56,732)
Share issuance costs (non-cash)	-	(4,400)
	<hr/>	<hr/>
<b>Balance at December 31, 2019</b>	<b>4,800,000</b>	<b>\$ 288,868</b>

### Initial Public Offering as a Capital Pool Company

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 TSXV as a Capital Pool Company under the trading symbol "CRTS.P".

In connection with the IPO, the Company 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 agent warrants at a purchase price of \$0.10 per agent warrant, expiring 24 months from the date of issuance, of which the fair value was \$4,400.

CORTUS METALS INC.

Notes to the Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

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Escrowed Common Shares

Upon closing of the IPO, 2,600,000 common shares of the Company issued prior to the IPO 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, 2,340,000 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 options outstanding and exercisable is as follows:

Exercise Price	December 31, 2019		Exercise Price	December 31, 2018		
	Number of options	Remaining contractual life (years)		Number of options	Remaining contractual life (years)	
<b>\$ 0.10</b>	<b>440,000</b>	<b>4.9</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	i

i The fair value of stock options granted in the year ended December 31, 2019 was estimated based on the Black-Scholes option pricing model using a share price of \$0.10, volatility of 80%, risk free interest rate of 1.53%, expected life of 5 years, and expected dividend yield of nil. The weighted average fair value of options granted in 2019 was \$0.06.

c) Warrants

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

Exercise Price	December 31, 2019		Exercise Price	December 31, 2018		
	Number of warrants	Remaining contractual life (years)		Number of warrants	Remaining contractual life (years)	
<b>\$ 0.10</b>	<b>110,000</b>	<b>1.9</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	i

i In connection with the IPO, 110,000 agent warrants were issued to the agent. The estimated fair value of the agent warrants of \$4,400, or \$0.04 per agent warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve. The fair value was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.10; expected life, 2 years; expected volatility, 80%; risk free rate, 1.61%; 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 December 31, 2019, 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 December 31, 2019, 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.

Notes to the Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

Classification of financial instruments

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

	<u>December 31 2019</u>	<u>December 31 2018</u>
Financial asset at amortized cost		
Cash	\$ 181,357	\$ 94,187
	<u>\$ 181,357</u>	<u>\$ 94,187</u>

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

	<u>December 31 2019</u>	<u>December 31 2018</u>
Non-derivative financial liabilities		
Accounts payable and accrued liabilities	\$ 17,254	\$ -
	<u>\$ 17,254</u>	<u>\$ -</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**

During the year ended December 31, 2019, the Company recorded share-based compensation expense of \$26,400 in relation to 440,000 stock options issued to directors and officers of the Company.

**8. Income taxes**

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Loss before income taxes	\$ (104,500)	\$ (800)
Total expected income tax recovery at statutory rates	(28,200)	(200)
Net effect of deductible and non-deductible amounts	(9,400)	-
Unrecognized benefit of income tax losses	37,600	200
Actual income tax recovery	<u>\$ -</u>	<u>\$ -</u>

CORTUS METALS INC.

Notes to the Financial Statements

For the year ended December 31, 2019 and the period from June 25, 2018 to December 31, 2018

Expressed in Canadian Dollars

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This potential future tax benefit has been offset entirely by a valuation allowance and has not been recognized in these financial statements. The non-capital loss carry-forwards expire according to the following schedule:

	<b>Non-capital losses</b>
2038	\$ 200
2039	90,300

The deferred tax assets have not been recognized because at this stage of the Company's development it is not determinable that future taxable profit will be available against which the Company can't utilize such deferred tax assets.

**9. Subsequent events**

- The Company advanced USD\$75,000 to the vendor of the Properties and on April 21, 2020, the TSX approved a further increase of USD\$30,000 in the amount of this loan.

**SCHEDULE "B"**

**MD&A OF THE ISSUER FOR THE PERIOD ENDED DECEMBER 31, 2019**

**Cortus Metals Inc.**  
**(A Capital Pool Company)**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2019**

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**Date: April 29, 2020**

**General**

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Cortus Metals Inc. (the "Company") financial statements for the fiscal year from January 1, 2019 and ended December 31, 2019. The discussion should be read in conjunction with the audited financial statements of the Company and the accompanying notes for the year ended December 31, 2019. The financial statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 29, 2020. The information contained within this MD&A is current to April 29, 2020.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

**Description of Business and Overview**

Cortus Metals Inc. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on June 25, 2018 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange").

The head office is located at 10545-45 Avenue NW, 250 Southridge, Edmonton, Alberta, T6H 4M9 and the registered office and records of the Company are located at 2080-777 Hornby Street, Vancouver, B.C., V6Z 1S4.

On July 12, 2018, the Company appointed an agent to offer for sale to the public in the provinces of Alberta, British Columbia and Ontario 2,200,000 common shares at a price of \$0.10 per common share for gross proceeds of \$220,000 (the "Offering"). The agent engaged in connection with the Offering of the common shares was paid a commission of 8% of the gross proceeds. In addition, the Company paid the agent a

**Cortus Metals Inc.**  
**(A Capital Pool Company)**  
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**For the year ended December 31, 2019**

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Corporate Finance Fee of \$8,000 and reimbursed the agent for its expenses, including legal fees up to a maximum of \$8,000, plus disbursements incurred pursuant to the Offering.

On November 5, 2019, the Company completed an initial public offering (“IPO”) of 2,200,000 common shares issued at a price of \$0.10 per share. The common shares on the TSX Venture Exchange (“TSXV”) as a Capital Pool Company (“CPC”) in 2019. The agent engaged in connection with the IPO was paid a commission of 8% of the gross proceeds of the IPO in addition to an \$8,000 corporate finance fee plus applicable taxes plus disbursements incurred pursuant to the offering. In addition, the agent received 110,000 non-transferable warrants to acquire up to 110,000 common shares at a price of \$0.10 per share for a period of 24 months.

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a “Qualifying Transaction” as it is defined in the policies of the Exchange. The Company has not commenced commercial operations. There is no assurance that the Company will identify and complete a Qualifying Transaction within the time period described by the policies of the Exchange. Moreover, even if a potential Qualifying Transaction is identified by the Company, it may not meet the requirements of the Exchange.

On November 18, 2019, the Company entered into a binding letter agreement (the “LOI”) whereby Cortus will acquire an aggregate 100% interest in and to the Grayson and Powerline properties (the “Properties”). The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV.

On November 18, 2019, the Company entered into a binding letter agreement (the “LOI”) whereby Cortus will acquire an aggregate 100% interest in and to the Grayson and Powerline properties (the “Properties”). The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV.

Pursuant to the LOI, and subject to execution of a definitive purchase agreement, Cortus will acquire a 100% interest in the Properties for the following consideration:

- i. cash payments of USD\$19,400 as a non-refundable deposit upon signing the LOI (paid), USD\$75,000 (advanced subsequent to December 31, 2019 and an additional USD\$30,000 subsequently approved by the TSX Venture – see Note 9) as an interim refundable loan prior to closing the transaction, which the advance is to be credited towards the Company’s payments for the Properties, and a further USD\$75,000 upon closing the transaction (together, the “Cash Payments” totaling USD\$199,400);
- ii. the issuance of 1,000,000 common shares in the capital of the Company;
- iii. the grant of a 2.0% net smelter returns royalty on each property (the “Royalty”), with a buy down provision of USD 1,000,000 for each 1% (no value assigned).

Cortus will have the right to acquire additional properties held by the vendor within a defined area of interest for a period of sixty (60) months for consideration of 300,000 common shares of the Company per additional property acquired. The Company will retain the further right to buy out of the Royalty at any time for a payment of USD\$1,000,000 per percentage of the Royalty.

To date, the Company has not generated revenues. Continued operations of the Company are dependent on the receipt of related party debt or equity financing on terms which are acceptable to the Company.

**Cortus Metals Inc.**  
**(A Capital Pool Company)**  
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**For the year ended December 31, 2019**

**SUMMARY OF FINANCIAL RESULTS**

		Year ended December 31, 2019	For the period from June 25, 2018 to December 31, 2018
Total Revenue	\$	Nil	Nil
Loss for the period	\$	104,496	813
Total Assets	\$	231,613	109,187
Total Liabilities	\$	17,254	-

**Operating Results, Financial Condition and Liquidity**

**Financial Condition**

At December 31, 2019, the Company had current assets of \$188,898 (2018 - \$109,187), current liabilities of 17,254 (2018 - \$nil) and working capital of \$171,644 (2018 - \$109,187).

**Operating Results**

The Company did not generated revenue for the period ended December 31, 2019 and expenses incurred include initial listing expenses of \$25,592, (period from June 25, 2018 to December 31, 2018 - \$nil) office and administration expense of \$1,471, (2018 - \$330) professional and legal fees of \$27,703 (2018 - \$483), regulatory and filing fees of \$23,330 (2018 - \$nil) and share-based compensation of \$26,400 (2018 - \$nil).

**Selected Quarterly Results**

Quarter ended	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	\$	\$	\$	\$
Total Revenue	Nil	Nil	Nil	Nil
Net Loss	104,496	449	2,227	22,064
Loss per share	0.03	0.00	0.00	0.01
Total Assets	231,613	106,643	107,092	112,123
Total Liabilities	17,254	2,000	2,000	5,000

For the period	from incorporation on June 25, 2018 to December 31, 2018
	\$
Total Revenue	Nil
Net Loss	813
Loss per share	0.00
Total Assets	109,187
Total Liabilities	0

**Capital Resource and Liquidity**

At December 31, 2019, cash was \$181,357 (2018 - \$109,187). The Company has been reliant on financial assistance from equity financing.

**Cortus Metals Inc.**  
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**Management Discussion and Analysis**  
**For the year ended December 31, 2019**

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During the year ended December 31, 2019, the net cash flows used in operating activities was \$71,058, which was comprises a net loss for the period of \$104,496 and an increase in non-cash working capital of \$33,438. During the period from June 25, 2108 and ended December 31, 2018, the net cash flows used in operating activities was \$15,813, which comprises of net loss for the period of \$813 and non-cash working capital of \$15,000.

During the year ended December 31, 2019, the net cash flows provided by financing activities was \$183,268 which includes \$240,000 in proceeds from share issuance less \$56,732 in share issuance costs. During the period from June 25, 2018 and ended December 31, 2018, the net cash flows provided by financing activity was \$110,000.

During the year ended December 31, 2019, the net cash flows used in investing activities included \$25,040, which compromises a non-refundable deposit of \$25,040. There was no investing activity during the period from June 25, 2018 to December 31, 2018.

As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management has evaluated that the Company will be required to raise additional equity capital or other borrowings to be able to pay its liabilities and finance operating costs. The ability to raise sufficient funding cannot be determined at this time which creates a material uncertainty that casts doubt about the Company's ability to continue as a going concern.

#### **Outstanding Share Data**

As at December 31, 2019 and as at MD&A date, 4,800,000 common shares were issued and outstanding. (2018 - 2,200,000)

#### **Related Party Transaction**

During the year ended December 31, 2019, the Company recorded share-based compensation expense of \$26,400 in relation to 440,000 stock options issued to directors and officers of the Company.

#### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

#### **Critical Accounting Policies and Estimates**

The preparation of the Company's interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Note 2 to the interim financial statements discusses these critical accounting policies.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

**Cortus Metals Inc.**  
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**Management Discussion and Analysis**  
**For the year ended December 31, 2019**

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**Change in accounting policies - Financial instruments**

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of December 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instrument and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forwards in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

Financial instruments

Financial instruments are recognized on the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flow from assets have expired or have been transferred and the Company has transferred all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expires. All financial instruments are initially recognized at fair value and measurement in subsequent periods is dependent upon the classification of the financial instrument.

i) Financial assets

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded in profit or loss.

*Amortized cost*

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash is recorded at amortized cost as they meet the required criteria.

ii) Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

**Cortus Metals Inc.**  
**(A Capital Pool Company)**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2019**

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**Business Risk and Uncertainties**

The Company, like all companies in the mining sector, is exposed to a variety of risks which include title to mining interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The mining industry is intensely competitive and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The mining industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations. Please also refer to Forward-Looking Statements.

**Management's Responsibility for Financial Information**

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

**Qualified Person**

Qualified Person The disclosures contained in this MD&A regarding the Company's exploration & evaluation properties have been prepared by, or under the supervision of, Mr. Michael Dufresne, M.Sc, P.Geo., P.Geol., a consultant of the Company and a Qualified Person for the purposes of National Instrument 43-101.

**Subsequent Events**

On April 21, 2020, the TSX approved an increase of, and the company advanced, an additional \$43,580 (USD 30,000) in the interim secured loan to the vendor of the Properties.

**SCHEDULE "C"**

**UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE ISSUER FOR THE THREE MONTHS  
ENDED MARCH 31, 2020**

# **CORTUS METALS INC.**

Condensed Interim Financial Statements

For the three months ended March 31, 2020 and 2019

Expressed in Canadian Dollars

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

(unaudited)

As at	March 31 2020	December 31 2019
<b>Assets</b>		
Current		
Cash	\$ 80,730	\$ 181,357
Prepayments and deposits	2,000	2,000
Goods and services tax receivable	5,657	5,541
	<u>\$ 88,387</u>	188,898
Exploration and evaluation properties (note 4)	125,474	25,040
Long-term receivable	17,675	17,675
	<u>\$ 231,536</u>	\$ 231,613
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 18,934	17,254
<b>Equity</b>		
Share capital (note 5)	288,868	288,868
Option and warrant reserve	30,800	30,800
Deficit	(107,066)	(105,309)
	<u>212,602</u>	214,359
	<u>\$ 231,536</u>	231,613

Approved by the Board of Directors

Director (signed by) "Sean Maqer"

Director (signed by) "John Williamson"

*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)

<b>For the three months ended</b>	<b>March 31 2020</b>	<b>March 31 2019</b>
<b>Expenses</b>		
Office and administration	\$ 157	\$ -
Professional fees	1,600	9,178
Regulatory and filing fees	-	12,690
	<u>          </u>	<u>          </u>
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,757)</b>	<b>(21,868)</b>
	<u>          </u>	<u>          </u>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
	<u>          </u>	<u>          </u>
<b>Basic and diluted weighted average number of common shares outstanding (note 5)</b>	<b>4,800,000</b>	<b>2,213,333</b>
	<u>          </u>	<u>          </u>

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

## CORTUS METALS INC.

## Condensed Interim Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars

*(unaudited)*

	Share capital	Option and warrant reserve	Deficit	Total equity
<b>Balance at December 31, 2018</b>	<b>\$ 110,000</b>	<b>\$ -</b>	<b>\$ (813)</b>	<b>\$ 109,187</b>
Shares issued for cash	20,000	-	-	20,000
Net loss	-	-	(21,868)	(21,868)
<b>Balance at March 31, 2019</b>	<b>\$ 130,000</b>	<b>\$ -</b>	<b>\$ (22,681)</b>	<b>\$ 107,319</b>
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	-	30,800
Net loss	-	-	(82,628)	(82,628)
<b>Balance at December 31, 2019</b>	<b>\$ 288,868</b>	<b>\$ 30,800</b>	<b>\$ (105,309)</b>	<b>\$ 214,359</b>
Net loss	-	-	(1,757)	(1,757)
<b>Balance at March 31, 2020</b>	<b>\$ 288,868</b>	<b>\$ 30,800</b>	<b>\$ (107,066)</b>	<b>\$ 212,602</b>

*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)*

<b>For the three months ended</b>	<b>March 31 2020</b>	<b>March 31 2019</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (1,757)	\$ (21,868)
Changes in non-cash working capital:		
Goods and services tax receivable	(116)	(446)
Prepayments and deposits	-	4,374
Accounts payable and accrued liabilities	1,680	5,000
Cash used in operating activities	<u>(193)</u>	<u>(12,940)</u>
<b>Investing activities</b>		
Exploration and evaluation property acquisition payments (note 4)	<u>(100,434)</u>	-
Cash used in investing activities	<u>(100,434)</u>	-
<b>Financing activities</b>		
Proceeds from issuance of share capital	-	20,000
Cash provided by financing activities	<u>-</u>	<u>20,000</u>
<b>Net increase (decrease) in cash</b>	<b>(100,627)</b>	<b>7,060</b>
Cash, beginning of period	<u>181,357</u>	<u>94,187</u>
<b>Cash, end of period</b>	<u>\$ 80,730</u>	<u>\$ 101,247</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 months ended March 31, 2020

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 November 18, 2019, the Company entered into a binding letter agreement whereby Cortus will acquire from Intermont Resources LLC ('Intermont'), an aggregate 100% interest in and to the Grayson and Powerline properties, located in northwestern Nevada, USA. The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV (note 4).

Concurrent with and as a condition of the QT, the Company will also forward split its issued share capital on a 2:1 basis (the 'Split'), and complete a unit financing of 8,333,333 units at \$0.15 per unit to raise \$1,250,000. Each unit will consist of one post-Split common share and one two-year warrant to acquire an additional common share for \$0.20. This financing will be subject to finders' fees of 6%, payable in cash, and warrants to acquire common shares, equal to 6% of the units placed, at a price of \$0.20 per share for a period of two years.

### 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"). The accounting principles utilized herein are consistent with those applicable to the annual audited financial statements; however, they lack certain disclosures that are ordinarily only reported in those annual statements. Accordingly, these statements should be read in conjunction with the Company's last annual financial statements as at and for the year ended December 31, 2019 and filed on [www.SEDAR.com](http://www.SEDAR.com).

These financial statements were authorized for issue by the Board of Directors of the Company on May 29, 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.

CORTUS METALS INC.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

Expressed in Canadian Dollars

(unaudited)

**4. Exploration and evaluation properties**

On November 18, 2019, the Company entered into a binding letter agreement (the “LOI”) whereby Cortus will acquire an aggregate 100% interest in and to the Grayson and Powerline properties (the “Properties”). The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV. All payments incurred to date related to the LOI, as described in the following paragraph, have been capitalized as acquisition costs on the Company’s Statement of Financial Position and comprise the Company’s exploration and evaluation property interests.

Pursuant to the LOI, and subject to execution of a definitive purchase agreement, Cortus will acquire a 100% interest in the Properties for the following consideration:

- i. cash payments of USD\$19,400 as a non-refundable deposit upon signing the LOI (paid), USD\$75,000 as an interim refundable loan prior to closing the transaction, which the advance is to be credited towards the Company’s payments for the Properties (paid), USD\$30,000 as an additional refundable loan prior to closing the transaction (advanced subsequent to March 31, 2020), and a further USD\$150,000 upon closing the transaction (together, the “Cash Payments”, as revised, totaling USD\$274,400);
- ii. the issuance of 1,000,000 post-Split common shares in the capital of the Company;
- iii. the grant of a 2.0% net smelter returns royalty on each property (the “Royalty”).

Cortus will have the right to acquire additional properties held by the vendor within a defined area of interest for a period of sixty (60) months for consideration of 200,000 post-Split common shares of the Company per additional property acquired. The Company will retain the further right to buy out one-half (1%) of the Royalty at any time prior to 180 days following the earlier of (i) a production decision being made or (ii) the commencement of commercial production, on the Grayson Property or the Powerline Property, as applicable, for the payment of US\$1,500,000.

As a further condition of the Closing of the QT, Cortus will retain a two-year option to acquire a 100% ownership of Intermont in consideration for the issuance of 6,000,000 post-Split common shares of the Company, inclusive of any shares issued to pursuant to the initial acquisition of the Properties as described above. In the event that Cortus exercises this option, the Royalty would apply to all remaining property interests and would be transferred, pro-rata, to the owners of Intermont.

**5. Share capital**

a) Common shares

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

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

	Number of shares	Amount
<b>Balance at December 31, 2019 and March 31, 2020</b>	<b>4,800,000</b>	<b>\$ 288,868</b>

CORTUS METALS INC.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

Expressed in Canadian Dollars

(unaudited)

Escrowed Common Shares

Upon closing of the IPO on November 4, 2019, 2,600,000 common shares of the Company issued prior to the IPO 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, 2,340,000 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 options outstanding and exercisable is as follows:

Exercise Price	Number of options	March 31, 2020 Remaining contractual life (years)	Exercise Price	Number of options	December 31, 2019 Remaining contractual life (years)
\$ 0.10	440,000	4.7	\$ 0.10	440,000	4.9

c) Warrants

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

Exercise Price	Number of warrants	March 31, 2020 Remaining contractual life (years)	Exercise Price	Number of warrants	December 31, 2019 Remaining contractual life (years)
\$ 0.10	110,000	1.7	\$ 0.10	110,000	1.9

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.

CORTUS METALS INC.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

Expressed in Canadian Dollars

(unaudited)

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 March 31, 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 March 31, 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.

Classification of financial instruments

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

	<b>March 31 2020</b>	<b>December 31 2019</b>
Financial asset at amortized cost		
Cash	\$ 80,730	\$ 181,357
	<u>\$ 80,730</u>	<u>\$ 181,357</u>

CORTUS METALS INC.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

Expressed in Canadian Dollars

(unaudited)

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

	<b>March 31 2020</b>	<b>December 31 2019</b>
Non-derivative financial liabilities		
Accounts payable and accrued liabilities	\$ <b>18,934</b>	\$ 17,254
	<b>\$ 18,934</b>	<b>\$ 17,254</b>

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 investor'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**

The Company did not enter into any related party transactions during the period.

**SCHEDULE "D"**

**MD&A OF THE ISSUER FOR THE THREE MONTHS ENDED MARCH 31, 2020**

**Cortus Metals Inc.**  
**(A Capital Pool Company)**  
**Management Discussion and Analysis**  
**For the three months ended March 31, 2020 and 2019**

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**Date: June 1, 2020**

**General**

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Cortus Metals Inc. (the "Company") financial statements for the period ended March 31, 2020. The discussion should be read in conjunction with the audited financial statements of the Company and the accompanying notes for the year ended December 31, 2019. The interim financial statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 1, 2020. The information contained within this MD&A is current to June 1, 2020.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

**Description of Business and Overview**

Cortus Metals Inc. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on June 25, 2018 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange").

The head office is located at 10545-45 Avenue NW, 250 Southridge, Edmonton, Alberta, T6H 4M9 and the registered office and records of the Company are located at 2080-777 Hornby Street, Vancouver, B.C., V6Z 1S4.

On July 12, 2018, the Company appointed an agent to offer for sale to the public in the provinces of Alberta, British Columbia and Ontario 2,200,000 common shares at a price of \$0.10 per common share for gross proceeds of \$220,000 (the "Offering"). The agent engaged in connection with the Offering of the common shares was paid a commission of 8% of the gross proceeds. In addition, the Company paid the agent a

**Cortus Metals Inc.**  
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Corporate Finance Fee of \$8,000 and reimbursed the agent for its expenses, including legal fees up to a maximum of \$8,000, plus disbursements incurred pursuant to the Offering.

On November 5, 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".

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a "Qualifying Transaction" as it is defined in the policies of the Exchange. The Company has not commenced commercial operations. There is no assurance that the Company will identify and complete a Qualifying Transaction within the time period described by the policies of the Exchange. Moreover, even if a potential Qualifying Transaction is identified by the Company, it may not meet the requirements of the Exchange.

On November 18, 2019, the Company entered into a binding letter agreement (the "LOI") whereby Cortus will acquire an aggregate 100% interest in and to the Grayson and Powerline properties (the "Properties"). The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV.

On November 18, 2019, the Company entered into a binding letter agreement (the "LOI") whereby Cortus will acquire an aggregate 100% interest in and to the Grayson and Powerline properties (the Properties"). The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV.

Pursuant to the LOI, and subject to execution of a definitive purchase agreement, Cortus will acquire a 100% interest in the Properties for the following consideration:

- i. cash payments of USD\$19,400 as a non-refundable deposit upon signing the LOI (paid), USD\$75,000 (advanced subsequent to December 31, 2019 and an additional USD\$30,000 subsequently approved by the TSX Venture – see Note 9) as an interim refundable loan prior to closing the transaction, which the advance is to be credited towards the Company's payments for the Properties, and a further USD\$75,000 upon closing the transaction (together, the "Cash Payments" totaling USD\$199,400);
- ii. the issuance of 1,000,000 common shares in the capital of the Company;
- iii. the grant of a 2.0% net smelter returns royalty on each property (the "Royalty"), with a buy down provision of USD 1,000,000 for each 1% (no value assigned).

Cortus will have the right to acquire additional properties held by the vendor within a defined area of interest for a period of sixty (60) months for consideration of 300,000 common shares of the Company per additional property acquired. The Company will retain the further right to buy out of the Royalty at any time for a payment of USD\$1,000,000 per percentage of the Royalty.

On February 7, 2020, Company has arranged a non-brokered private placement (the "Financing") to raise aggregate gross proceeds of up to \$1,000,000 through the issuance up 4,000,000 common shares at a price of \$0.25 per share. The Financing will close concurrently with or immediately prior to the completion of the Qualifying Transaction (the "QT"). The proceeds of the Financing will be utilized for payments due pursuant to the QT, exploration costs on the Grayson and Powerline properties to be acquired as part of the QT and general working capital. Cortus also announces its intent, following completion of the QT, to forward split its common shares on a two (2) new for one (1) old basis.

**Cortus Metals Inc.**  
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On April 21, 2020, the TSX approved an increase of, and the company advanced, an additional \$43,580 (USD 30,000) in the interim secured loan to the vendor of the Properties.

On April 20, 2020, the Company announced that it is proceeding with its previously announced forward split on a two (2) new for one (1) existing basis (the "Split") prior to completion of its proposed "Qualifying Transaction" (the "QT") and related non-brokered private placement (the "Financing"). In conjunction with the Split, the Company has amended the terms of its previously announced Financing by adding a full warrant to the common shares as a unit offering and increasing the gross proceeds to \$1,250,000 at a price of \$0.15 per unit. Each unit will comprise one post-Split common share and one share purchase warrant to acquire a further post-Split common share at a price of \$0.20 per share for a period of 24 months. The warrants will be subject to an accelerated expiry provision such that if the closing price of the Company's common shares is equal to or greater than \$0.25 for a period of five consecutive trading days (at any time at or following the expiry of the four months resale restriction period), the Company may, by notice to the warrant holder in writing or via press release reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice.

To date, the Company has not generated revenues. Continued operations of the Company are dependent on the receipt of related party debt or equity financing on terms which are acceptable to the Company.

**SUMMARY OF FINANCIAL RESULTS**

		<b>Three months ended March 31, 2020</b>		<b>Three months ended March 31, 2019</b>
Total Revenue	\$	Nil	\$	Nil
Loss for the period	\$	1,757	\$	21,868
Total Assets	\$	231,536	\$	109,187
Total Liabilities	\$	18,934	\$	Nil

**Operating Results, Financial Condition and Liquidity**

**Financial Condition**

At March 31, 2020, the Company had current assets of \$88,387 (2019 - \$109,187), current liabilities were \$18,934 (2019 - \$nil) and working capital of \$69,453 (2019 - \$109,187). At the date of this MD&A, the company had working capital of \$29,036.

**Operating Results**

The Company has not generated revenue for the period ended March 31, 2020 and expenses incurred include Office and administration of \$157, and professional fees of \$1,600.

The Company has not generated revenue for the period ended December 31, 2019 and expenses incurred professional fees of \$1,600 and regulatory and filing fees of \$12,690.

**Cortus Metals Inc.**  
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**Selected Quarterly Information**

Quarter ended	March 31, 2020	September 30, 2019	June 30, 2019	March 31, 2019
	\$	\$	\$	\$
Total Revenue	Nil	Nil	Nil	Nil
Net Loss	1,757	449	2,227	22,064
Loss per Share	0.00	0.00	0.00	0.01
Total Assets	231,536	106,643	107,092	109,187
Total Liabilities	18,934	2,000	2,000	Nil

**Capital Resource and Liquidity**

At March 31, 2020, cash was \$80,730 (2019 - \$109,187). The Company has been reliant on financial assistance from equity financing.

During the three months ended March 31, 2020, the net cash flows used in operating activities was \$193 (2019 - \$12,940), which comprises of net loss for the period of \$1,757 (2019 - \$21,868) and an increase of GST receivable of \$116 (2019 - \$446) and an increase in accounts payable and prepayments and deposits \$1,680 (2019 - \$9,374).

During the three months ended March 31, 2020, the net cash flows used by investing activities were \$100,434 (2019 – nil).

During the three months ended March 31, 2020, the net cash flows provided by financing activity was nil (2019 - \$20,000)

As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management has evaluated that the Company will be required to raise additional equity capital or other borrowings to be able to pay its liabilities and finance operating costs. The ability to raise sufficient funding cannot be determined at this time which creates a material uncertainty that casts doubt about the Company's ability to continue as a going concern.

**Outstanding Share Data**

As at March 31, 2020 and as at MD&A date, 4,800,000 common shares were issued and outstanding.

As at March 31, 2020 and as at MD&A date, 2,600,000 common shares were held in escrow.

**Related Party Transaction**

During the year ended December 31, 2019, the Company recorded share-based compensation expense of \$26,400 in relation to 440,000 stock options issued to directors and officers of the Company.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Cortus Metals Inc.**  
**(A Capital Pool Company)**  
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**For the three months ended March 31, 2020 and 2019**

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**Critical Accounting Policies and Estimates**

The preparation of the Company's interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Note 2 to the interim financial statements discusses these critical accounting policies.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

**Change in accounting policies - Financial instruments**

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of December 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instrument and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forwards in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

Classification:

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instruments-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at December 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

<b>Financial assets/liabilities</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2019 annual reporting period, which also includes the date of

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the initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on December 1, 2018.

Measurement:

*Financial assets at FVTOCI*

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs expensed in the statements of net loss. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net loss in the period in which they arise.

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurement, described as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Impairment of financial assets at amortized cost:

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the

**Cortus Metals Inc.**  
**(A Capital Pool Company)**  
**Management Discussion and Analysis**  
**For the three months ended March 31, 2020 and 2019**

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statements of net loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

*Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net loss.

**Business Risk and Uncertainties**

The Company, like all companies in the mining sector, is exposed to a variety of risks which include title to mining interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The mining industry is intensely competitive and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The mining industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations. Please also refer to Forward-Looking Statements.

**Management's Responsibility for Financial Information**

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

**Qualified Person**

**Cortus Metals Inc.**  
**(A Capital Pool Company)**  
**Management Discussion and Analysis**  
**For the three months ended March 31, 2020 and 2019**

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The disclosures contained in this MD&A regarding the Company's exploration & evaluation properties have been prepared by, or under the supervision of, Mr. Michael Dufresne, M.Sc, P. Geo., P.Geol., a Director of the Company and a Qualified Person for the purposes of National Instrument 43-101.

**SCHEDULE "E"**

**PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER AS AT MARCH 31, 2020**

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# **CORTUS METALS INC.**

Pro Forma Statement of Financial Position  
March 31, 2020 (unaudited)  
Expressed in Canadian Dollars, unless otherwise noted

## CORTUS METALS INC.

Pro Forma Statement of Financial Position

Expressed in Canadian Dollars, unless otherwise noted

(unaudited)

	Cortus Metals Inc. As at Mar 31, 2020	Note 2	Pro Forma Adjustments	Pro Forma Total
<b>Assets</b>				
Current				
Cash	\$ 80,730	a	\$ (234,526)	
		a	(30,000)	
		b	1,250,000	
		b	(100,000)	\$ 966,204
Prepayments and deposits	2,000		-	2,000
Goods and services tax receivable	5,657		-	5,657
	88,387		885,474	973,861
Exploration & evaluation assets	125,474	a	234,526	
		a	30,000	
		a	150,000	540,000
Long-term receivable	17,675		-	17,675
	<b>\$ 231,536</b>		<b>\$ 1,300,000</b>	<b>\$ 1,531,536</b>
<b>Liabilities</b>				
Current				
Accounts payable and accrued liabilities	\$ 18,934		\$ -	\$ 18,934
<b>Equity</b>				
Share capital	288,868	a	150,000	
		b	1,250,000	
		b	(100,000)	
		b	(30,000)	1,558,868
Option and warrant reserve	30,800	b	30,000	60,800
Deficit	(107,066)		-	(107,066)
	212,602		1,300,000	1,512,602
	<b>\$ 231,536</b>		<b>\$ 1,300,000</b>	<b>\$ 1,531,536</b>

Approved by the Board of Directors

Director (signed by) "John Williamson"Director (signed by) "Sean Mager"

The accompanying notes form an integral part of this pro forma statement of financial position

CORTUS METALS INC.

Notes to the Pro Forma Statement of Financial Position

As at March 31, 2020

Expressed in Canadian Dollars, unless otherwise noted

(unaudited)

**1. Proposed Transaction and Basis of Presentation**

On November 4, 2019, the common shares of Cortus Metals Inc. (“Cortus” or the “Company”) were listed on the TSX Venture Exchange (“TSXV”) as a Capital Pool Company (“CPC”). On November 18, 2019, the Company entered into a binding letter agreement (the “LOI”) whereby Cortus will acquire an aggregate 100% interest in and to the Grayson and Powerline properties (the “Properties”). The transaction will be considered an acquisition of assets by way of a Qualifying Transaction as defined in Policy 2.4 of the Corporate Finance Manual of the TSXV.

In connection with the transaction, the Company is completing a financing for gross proceeds of \$1,250,000 through the issuance of up to 8,333,333 units of the Company at a price of \$0.15 per share. Each unit will consist of one common share and one common share purchase warrant of the Company. Each warrant will be exercisable to acquire one additional common share at a price of \$0.20, for two years from the date of issuance. The net proceeds will be used to advance the exploration of the Properties and for working capital purposes, including to conduct due diligence reviews on additional potential properties.

The accompanying unaudited pro forma statement of financial position (“Pro Forma”) as at March 31, 2020 has been prepared for inclusion in the Filing Statement of Cortus dated August 21, 2020, whereby the Company is completing the transaction described above. The Pro Forma is for illustrative purposes only and may not be indicative of the financial position of the Company on completion of the transaction.

The Pro Forma is derived from information from the financial statements of Cortus using the same accounting policies as described in the Company’s audited financial statements for the period ended December 31, 2019. 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, 2019.

**2. Pro Forma Assumptions and Adjustments**

The accompanying Pro Forma gives effect to the completion of the transactions described below as if they had occurred on March 31, 2020:

a) *Grayson and Powerline Properties*

Pursuant to the LOI described in Note 1, and subject to execution of a definitive purchase agreement, Cortus will acquire a 100% interest in the Properties for the following consideration:

- i. cash payments of USD \$19,400 as a non-refundable deposit upon signing the LOI (paid), USD \$75,000 as a secured loan which shall be forgiven upon the closing date (paid), USD \$30,000 as an interim loan, refundable prior to closing the transaction, and a further USD \$150,000 upon closing the transaction (together, the “Cash Payments” totaling approximately \$360,000); the first two payments above were completed prior to March 31, 2020, while the others are reflected herein as pro forma adjustments.
- ii. the issuance of 1,000,000 common shares in the capital of the Company;
- iii. the grant of a 2.0% net smelter returns royalty on each property (the “Royalty”).

Cortus will have the right to acquire additional properties held by the vendor within a defined area of interest for a period of sixty (60) months for consideration of 200,000 common shares of the Company per additional property acquired. The Company will retain the further right to purchase one-half (1%) of the Royalty at any time for a payment of USD \$1,500,000.

CORTUS METALS INC.

Notes to the Pro Forma Statement of Financial Position

As at March 31, 2020

Expressed in Canadian Dollars, unless otherwise noted

(unaudited)

Total acquisition costs, including consideration and transaction expenses, are estimated as follows:

	<b>Amount</b>
Cash payments (USD \$274,400)	\$ 360,000
Shares issued at closing (1,000,000)	150,000
Transaction expenses	<u>30,000</u>
<b>Total cost</b>	<b><u>\$ 540,000</u></b>

The 1,000,000 common shares to be issued have been assigned an estimated value of \$150,000, being \$0.15 per share, for the purposes of this Pro Forma, based on the concurrent financing price.

b) *Financing*

In connection with the transaction, the Company is completing a financing for gross proceeds of \$1,250,000 through the issuance of up to 8,333,333 units of the Company at a price of \$0.15 per share. Each unit will consist of one common share and one common share purchase warrant of the Company. Each warrant will be exercisable to acquire one additional common share at a price of \$0.20, for two years from the date of issuance. The net proceeds will be used to advance the exploration of the Properties and for working capital purposes, including to conduct due diligence reviews on additional potential properties.

In connection with the financing, the Company estimates \$100,000 of share issuance costs including finder's fees, legal fees, and filing fees.

In addition, up to 500,000 finder's warrants may be issued as compensation for services provided by the finders. Each finder's warrant will be exercisable to acquire one common share of the Company at a price of \$0.20, for two years from the date of issuance. The estimated fair value of the finder's warrants of \$30,000, or \$0.06 per finder's warrant.

c) *Forward Split*

The Company has announced its intention to complete a forward split of its common shares, immediately prior to the completion of the proposed transaction and financing, which will result in all of the outstanding common shares of the Company to be split on a one-for-two basis.

d) *Stock Options*

In connection with the transaction and assuming the completion of the related financing, the Company anticipates granting up to 1,680,000 additional options to purchase 1,680,000 common shares at a price of \$0.15 per share, for a period of five years, to proposed directors, officers, consultants and employees. This Pro Forma includes no provisions relating to the measurement of any stock-based compensation arising from these grants.

CORTUS METALS INC.

Notes to the Pro Forma Statement of Financial Position

As at March 31, 2020

Expressed in Canadian Dollars, unless otherwise noted

(unaudited)

**3. Pro Forma Share Capital**

	<b>Note 2</b>	<b>Shares Outstanding</b>	<b>Share Capital</b>
Balance at March 31, 2020		4,800,000	\$ 288,868
Forward split	c	4,800,000	-
Shares issued at closing of the transaction	a	1,000,000	150,000
Shares issued pursuant to concurrent financing	b	8,333,333	1,250,000
Share issuance costs, including finder's warrants	b	-	(130,000)
<b>Total</b>		<b>18,933,333</b>	<b>\$ 1,558,868</b>

**4. Income Taxes**

The Company's expected pro forma effective income tax rate applicable to operations is 27%.

**CERTIFICATE OF CORTUS METALS INC.**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of the Issuer assuming completion of the Transaction.

By Order of the Board of Directors

August 21, 2020  
Vancouver, British Columbia

(Signed) "*Sean Mager*"  
Chief Executive Officer, Corporate Secretary and Director  
Cortus Metals Inc.

(Signed) "*Chris Beltgens*"  
Chief Financial Officer and Director  
Cortus Metals Inc.

(Signed) "*John Williamson*"  
Director  
Cortus Metals Inc.

(Signed) "*Jeremy Yaseniuk*"  
Director  
Cortus Metals Inc.

(Signed) "*James Greig*"  
Director  
Cortus Metals Inc.

## ACKNOWLEDGMENT – PERSONAL INFORMATION

“**Personal Information**” means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: August 21, 2020

**Cortus Metals Inc.**

*Sean Mager*

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