

ARBOR METALS CORP.
(formerly Vela Minerals Ltd.)

INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JULY 31, 2019

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of Arbor Metals Corp., formerly Vela Minerals Ltd., (the “Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	July 31 2019	October 31 2018
ASSETS		
Current		
Cash	\$ 570,587	\$ 94,556
GST receivable	1,066	929
	571,653	95,485
Exploration and evaluation properties (note 4)	10,000	10,000
	\$ 581,653	\$ 105,485
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 173,265	\$ 115,801
Loans payable (note 5)	86,869	71,369
	260,134	187,170
SHAREHOLDERS' EQUITY		
Share capital (note 6)	896,891	896,891
Share subscriptions advanced (note 6)	569,985	91,000
Share-based payment reserve (note 6)	171,923	171,923
Deficit	(1,317,280)	(1,241,499)
	321,519	(81,685)
	\$ 581,653	\$ 105,485

Nature and continuance of operations (note 1)

Subsequent events (note 10)

Approved on behalf of the Board

Director "Alex Klenman"
 Alex KlenmanDirector "Mark Ferguson"
 Mark Ferguson*The accompanying notes are an integral part of these interim financial statements*

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

Interim Statements of Operations and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended		For the nine months ended	
	July 31		July 31	
	2019	2018	2019	2018
Expenses				
Consulting fees (note 7)	\$ 3,400	\$ 7,500	\$ 17,150	\$ 16,250
Interest (note 5)	2,051	620	5,798	766
Office and administration	58	44	86	366
Professional fees	15,696	47,701	33,275	77,036
Transfer agent and filing fees	3,303	13,411	19,472	34,632
	(24,508)	(69,276)	(75,781)	(129,050)
Other item				
Write down of exploration assets (note 4)	-	(6,834)	-	(6,834)
Net and comprehensive loss for the period	\$ (24,508)	\$ (76,110)	\$ (75,781)	\$ (135,884)
Basic and diluted loss per share	\$ (0.01)	\$ (0.04)	\$ (0.04)	\$ (0.08)
Weighted average number of common shares outstanding	1,762,450	1,762,450	1,762,450	1,762,450

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

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

Interim Statements of Cash Flow

(Unaudited - Expressed in Canadian Dollars)

	For the nine months ended	
	July 31	
	2019	2018
Cash provided by (used in):		
Operating activities		
Net loss	\$ (75,781)	\$ (135,884)
Item not involving cash:		
Write down of exploration assets	-	6,834
Change in non-cash working capital:		
GST receivable	(137)	(3,422)
Accounts payable and accrued liabilities	57,464	82,305
Net cash flows used in operating activities	(18,454)	(50,167)
Investing activities		
Mineral property acquisition and exploration costs	-	(5,834)
Net cash flows used in provided by investing activities	-	(5,834)
Financing activities		
Loan advances	15,500	26,871
Share subscriptions advanced	569,985	1,000
Share subscriptions returned	(91,000)	-
Advances through promissory notes	-	28,922
Net cash flows provided by financing activities	494,485	56,793
Change in cash	476,031	792
Cash, beginning of the period	94,556	2,452
Cash, end of the period	\$ 570,587	\$ 3,244

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ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Advanced	Share-based Payment Reserve	Deficit	Total Equity
Balance at November 1, 2017	1,762,450	\$ 896,891	\$ -	\$ 171,923	\$ (1,079,282)	\$ (10,468)
Share subscriptions advanced	-	-	1,000	-	-	1,000
Net loss	-	-	-	-	(135,884)	(135,884)
Balance at July 31, 2018	1,762,450	896,891	1,000	171,923	(1,215,166)	(145,352)
Balance at November 1, 2018	1,762,450	896,891	91,000	171,923	(1,241,499)	(81,685)
Share subscriptions returned	-	-	(91,000)	-	-	(91,000)
Share subscriptions advanced	-	-	569,985	-	-	569,985
Net loss	-	-	-	-	(75,781)	(75,781)
Balance at July 31, 2019	1,762,450	\$ 896,891	\$ 569,985	\$ 171,923	\$ (1,317,280)	\$ 321,519

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

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

As at and for the periods ended July 31, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Arbor Metals Corp., formerly Vela Minerals Ltd., (the "Company") was incorporated in the Province of British Columbia on May 19, 2011 and is in the business of identifying, acquiring and exploring mineral properties. The Company is currently in the exploration stage of developing its exploration and evaluation properties and has not yet determined whether they contain mineral reserves that are economically recoverable. Effective September 3, 2019, the Company changed its name from Vela Minerals Ltd. to Arbor Metals Corp. In connection with the name change, the Company also changed its stock symbol to "ABR".

The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

The Company does not generate sufficient cash flow from operations to adequately fund its activities and has therefore relied upon external financing for its operational expenses. The Company intends to continue relying upon external financing to finance its future activities but there can be no assurance that such financing will be available on a timely basis and/or on terms acceptable to the Company. Although these interim financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations and the Company's ability to continue as a going concern.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of operating revenue and has significant cash requirements to finance its administrative overhead expenses and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets do not reflect current or future values. The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

As at and for the periods ended July 31, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS, continued

The Company estimates that additional funding will be required to continue operations over the next 12 months. These factors form a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in notes 8 and 9.

These interim financial statements were authorized for issue on September 3, 2019 by the directors of the Company.

2. BASIS OF PRESENTATION

Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2018, which have been prepared in accordance with IFRS.

These interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. All amounts are expressed in Canadian dollars unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and reported amounts of revenues and expenses during the reporting period. 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

As at and for the periods ended July 31, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the interim financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluations assets may not be recoverable.

b) Recent accounting pronouncements

New 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 has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

4. EXPLORATION AND EVALUATION PROPERTIES

Rossland property

On June 30, 2011, the Company signed an option agreement to acquire a 100% interest in certain mineral claims located in the Trail and Rossland area of southern British Columbia. Under the terms of the Purchase Option Agreement, the Company paid cash consideration of \$70,000 and issued an aggregate of 500,000 shares in the Company. Additionally, the Company agreed to pay a royalty in an amount equal to 2% of net proceeds on all minerals produced from the Rossland property and sold by the Company. In April 2016, the vendor of the Rossland property agreed to relinquish their 2% NSR. The Company wrote the value of the property down to \$1,000 in the year ended October 31, 2017. On July 24, 2017, the Company disposed of the Rossland property to a related party for the sum of \$1,000. On October 31, 2017, the property was returned to the Company for a sum of \$1,000.

During the period of time after the sale of the Rossland Property and prior to its repurchase, there was a small work program completed independent of the Company. The program consisted of surface sampling in which 35 samples were collected and assayed. In the quarter ended January 31, 2018, the Company has incorporated the results from this work program in an updated Assessment report for the Rossland Property, extending the claims to July 31, 2018. As the claims were not renewed, the property was written down to \$Nil during the year ended October 31, 2018.

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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4. EXPLORATION AND EVALUATION PROPERTIES, continued

Cree Lake property

On October 15, 2018, the Company signed an option agreement to acquire a 100% interest in certain mineral claims, comprising 2,473 hectares in the Athabasca Basin, Saskatchewan. The terms of the Purchase Option Agreement are as follows:

- cash consideration of \$10,000 on closing of a private placement;
- \$100,000 within 24 months of the signing of this agreement;
- \$100,000 in exploration expenditures within 24 months of signing of the agreement.

The Company's interest is subject to a 1% NSR payable to the vendor, of which ½ % may be purchased for \$1,500,000.

A summary of the Company's exploration and evaluation assets is shown below:

	Rossland	Cree Lake	Total
Balance at November 1, 2017	\$ 1,000	\$ -	\$ 1,000
Acquisition costs	-	10,000	10,000
Exploration costs	5,834	-	5,834
Write down	(6,834)	-	(6,834)
Balance at October 31, 2018	\$ -	\$ 10,000	\$ 10,000
Acquisition costs	-	-	-
Exploration costs	-	-	-
Write down	-	-	-
Balance at July 31, 2019	\$ -	\$ 10,000	\$ 10,000

5. LOANS PAYABLE

Loans payable in the amount of \$86,869 (October 31, 2018 - \$71,369) are unsecured and bear interest at 10% per annum and will be repaid once the Company's business plan is implemented.

As at July 31, 2019, \$9,756 (October 31, 2018 - \$3,958) in accrued interest was included in accounts payable and accrued liabilities.

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares without par value

Issued

On January 12, 2018, the Company completed a consolidation of its issued and outstanding common shares with 1 new share issued for 6 old shares. The shares outstanding pre-consolidation were 10,574,711. The shares outstanding after consolidation are 1,762,450.

All shares and per share information have been restated to reflect this consolidation.

Shares issued and outstanding at July 31, 2019 are 1,762,450 (October 31, 2018 – 1,762,450).

On March 27, 2019, the Company announced that it was conducting a private placement of 10,000,000 units at a price of \$0.12 per unit for gross proceeds of up to \$1,200,000. Each unit consists of one common share of the Company and one transferrable share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company at a price of \$0.15 per share for a period of 36 months. As of July 31, 2019, subscriptions of \$569,985 have been received. Subsequent to July 31, 2019, the Company completed this private placement. See note 10.

Share-based Payments

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 30 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the final anniversary of the date the option was granted which concludes the option term. Options granted under the plan may not exceed ten years and vest at the discretion of the board of directors, and shall not be exercisable at less than the price determined by policy or policies of the stock exchange(s) on which the Company's common shares are then listed. Notwithstanding the foregoing, options issued to consultants performing investor relations activities vest over 12 months with no more than 25% of the options vesting in any three month period. Occasionally, the Company issues stock options to agents which do not fall under the plan.

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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6. SHARE CAPITAL AND RESERVES, continued

The following table summarizes activity related to stock options:

	July 31 2019		October 31 2018	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding - beginning of period	-	\$ -	130,000	\$ 0.175
Expired	-	-	(130,000)	0.175
Outstanding - end of period	-	\$ -	-	\$ 0.175

7. RELATED PARTY TRANSACTIONS

During the nine months ended July 31, 2019, the Company incurred consulting fees to a director and former director of \$14,150 plus GST (2018 - \$16,250 plus GST) and to a company with a common director of \$3,000 (2018 - \$Nil). As at July 31, 2019, the Company owed a director and a former director \$39,812 (October 31, 2018 - \$17,099) in respect of these fees and out of pocket expenses.

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel during the nine month periods ended July 31, 2019 and 2018 other than as indicated above.

8. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating costs over a reasonable future period. The Company accesses capital markets as necessary and may also raise additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements. There was no change to the Company's approach to capital management during the period.

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

As at and for the periods ended July 31, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS

As at July 31, 2019, the Company's financial instruments consist of cash, accounts payable and loans payable.

In management's opinion, the Company's carrying values of cash, accounts payable and loans payable approximate their fair values due to the immediate or short term maturity of these instruments.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable and loans payable are classified under Level 3.

The Company's financial instruments are exposed to the following market risks:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution and in lawyers' trust accounts and therefore is not subject to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure sufficient cash is available to fund its projects and operations. As at July 31, 2019, the Company had a balance in cash of \$570,587 to settle current liabilities of \$260,134. The Company's financial liabilities include accrued expenses, accounts and loans payable which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

As at and for the periods ended July 31, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS, continued

Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company had \$570,587 in cash as at July 31, 2019, on which it earns no interest, and therefore is not subject to interest rate risk.

10. SUBSEQUENT EVENTS

On August 6, 2019, the Company completed a private placement raising a total of \$1,201,080 through the sale of 10,009,000 units at \$0.12 per unit. Each unit contains one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.15 for a period of thirty-six months. The Company paid cash finder's fees of \$15,872.

On August 12, 2019, the Company granted 900,000 incentive stock options to consultants of the Company. These options vest immediately and are exercisable at \$0.11 per share for a period of three years, expiring August 12, 2022.

Effective September 3, 2019, the Company changed its name from Vela Minerals Ltd. to Arbor Metals Corp.